



Daily Report

China

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Daily Report

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General

U.S.-DPRK Nuclear Talks Need 'More Time'

SK0406033393 Beijing China Radio International in Korean 1100 GMT 3 Jun 93

[Text] A U.S. delegation led by Assistant Secretary of State Gallucci, and a DPRK delegation led by First Vice Foreign Minister Kang Sok-chu held talks on the DPRK nuclear issue in New York on 2 June. These talks were resumed after 16 months.

According to reports, the United States attempted to persuade the DPRK to rejoin the Nuclear Nonproliferation Treaty [NPT] through negotiations.

During a recess of the DPRK-U.S. talks, First Vice Foreign Minister Kang's aide said to reporters that negotiations were successfully being held but needed more time. He, however, mentioned nothing about what was being negotiated.

After the talks, Gallucci said to reporters that the two sides will continue negotiations in New York on 4 June.

The DPRK announced on 12 March that it would withdraw from the NPT, and its withdrawal will be effective on 12 June.

The DPRK says it decided to withdraw from the treaty because the United States poses a nuclear threat to the North by stationing its troops in the ROK and because the International Atomic Energy Agency, under the influence of the U.S., is trying to inspect the DPRK's military facilities [kunsu sisol].

Three weeks ago, the UN Security Council adopted a resolution urging the DPRK to reconsider its withdrawal from the NPT.

China does not agree in principle either to referring the DPRK nuclear issue to the UN Security Council or to putting pressure and sanctions on the DPRK.

Spokesman on 'Limited' Role in Nuclear Talks

HK0406041593 Hong Kong WEN WEI PO in Chinese 4 Jun 93 p 4

[Dispatch by trainee reporter Yang Fan (2799 1581): "Foreign Ministry Spokesman Says China Hopes That United States and DPRK Government Will Properly Solve Problem of Nuclear Check"]

[Text] Beijing, 3 Jun (WEN WEI PO)—This afternoon, Wu Jianmin, spokesman for the Ministry of Foreign Affairs, said that China sincerely hopes Korean-U.S. talks will make progress and achieve positive results so that the issue of nuclear verification in Korea will be solved properly.

At the same time, he also said that the issue of nuclear verification in Korea is mainly a matter between Korea

and the United States, the International Atomic Energy Agency, and the ROK and that China's role is limited.

Chen Xitong Receives Ugandan Olympic Official

OW0306135493 Beijing XINHUA in English 1330 GMT 3 Jun 93

[Text] Beijing, June 2 (XINHUA)—Chen Xitong, president of the Beijing 2000 Olympic Games Bid Committee (BOBICO), met Uganda's member of the International Olympic Committee (IOC) Major General Francis Nyangweso here on Thursday.

Nyangweso had been chairman of Uganda's National Sports Council and president of the African Boxing Association. He has been president of the Ugandan Olympic Committee since 1979 and was voted into the IOC in 1988.

Also present at the meeting were He Zhenliang, IOC vice-president and president of the Chinese Olympic Committee, and Zhang Baifa, executive vice-president of the BOBICO.

On Monday [31 May], Wu Shaozu, minister of China's State Physical Culture and Sports Commission, met the Ugandan visitor.

OECD Supports Chinese Participation in Trade

OW0406042293 Beijing XINHUA in English 0324 GMT 4 Jun 93

[Text] Paris, June 3 (XINHUA)—The Organization for Economic Cooperation and Development (OECD) says it supports China and other non-member states in joining multilateral trade system.

A communique, issued today by the organization at the end of its 32nd session of the Ministers' Council, said that the finance, trade and labor ministers from 24 member states recognized that China and other non-OECD countries "are playing a more and more important role in the world economy."

Their greater participation in multilateral trade system should be encouraged, the communique said.

On the relations between OECD and non-OECD countries, the communique said that the "unofficial dialogues" between OECD and Asian economic giants such as South Korea and Hong Kong have been fruitful.

This year, such dialogues will be extended to South American countries such as Argentina, Brazil and Chile. The meeting decided to discuss the Mexico's application for OECD membership.

On the world economic situation, the communique said that the ministers were "very much concerned with" the low economic growth and worsening unemployment in the 24 nations, where 36 million people could lose their jobs by the end of this year.

The ministers decided to coordinate their strategies for economic development and employment. They include restructuring their economies, adjusting labor policies and striving for a successful conclusion of the multilateral trade talks under the General Agreement on Trade and Tariffs.

Most of the 24 OECD members are developed countries in Western Europe and North America. The only two Asian members are Japan and Turkey.

Taiwan, CIS Investors To Attend Harbin Forum

HK0306114693 Beijing ZHONGGUO XINWEN SHE in English 0818 GMT 3 Jun 93

[Text] Harbin, June 3 (CNS)—Large-scale border economic and trade negotiation will be held from June 15 to 21 in Harbin capital of Heilongjiang Province. Taiwan businessmen will be invited to the function for the first time.

The gathering at which 5,000 businessmen from the Commonwealth of Independent States and Eastern European countries along with 500 from other bordering countries as well as Taiwan, Hong Kong and Macau will participate, will focus on trade negotiations as well as the promotion of economic and technological cooperation between the province and foreign countries and regions.

From 1992 to the first quarter of this year the province approved the setting up of 159 solely Taiwan-funded enterprises with total investment of U.S.\$300 million. Ever greater numbers of Taiwan businessmen have been seeing the province as a gateway to doing business with Northeast Asian countries.

United States & Canada

PRC 'Aware' of U.S. 'Hegemonism Offensive'

HK0406005393 Hong Kong THE STANDARD in English 4 Jun 93 p 6

[By Meimei Chan]

[Text] Senior Communist Party officials have been warned to be ready to fight a new "hegemonism" offensive from the U.S. orchestrated against China after the dismantling of the former Soviet Union.

A document issued by the party's Propaganda Department last month reveals that the mainland is aware of the latest American strategy posing China as the "imaginary enemy" since the threats of the former Soviet Union have lessened.

The Chinese government and military produced a four-part documentary in April attacking the U.S. as a "world hegemony" and blaming its meddling for leading to communism's downfall.

The latest document, About the American antagonistic strategy directed against China, is for circulation to all

senior officials in provinces, cities, autonomous regions and military area commands, the pro-Beijing Mirror Monthly reported.

It says that the U.S. has adjusted its political and military strategy from the former Soviet Union to China which is the last major communist power in the world.

It warns that the U.S. is attempting to "infiltrate, subvert and besiege" China both ideologically and economically in a bid to turn it into an "eastern Russia" in 10 to 15 years. It also spells out 12 main points as evidence to underline the American intention, including:

- Turning Hong Kong into an anti-China springboard by meddling with Hong Kong's affairs and supporting Britain's change in Hong Kong policy.
- Influencing Japan's policy on China and combining with Japan and South Korea on ideological and economic infiltration and subversion.
- Supporting Taiwan's military development and deepening the ideological split across the straits.
- Encouraging U.S. allies to block a return to Gatt.
- Planning to build an Asian radio service for propaganda against China.
- Setting up illegal organisations to preach throughout China.
- Helping overseas dissidents to set up anti-China organisations to topple the government.
- Assisting overseas dissidents to return to China to conduct subversive work.
- Supporting the Dalai Lama's call for Tibet's independence.

Document on U.S. 'Subversion'

HK0406104793 Hong Kong CHING PAO in Chinese No 6, 5 Jun 93 p 44

[By Chen Shao-pin (7115 0783 6333): "United States Plots Strategic Encirclement Against China"]

[Text] Between mid-April and early May, members of the CPC Central Committee Political Bureau and its Standing Committee went to various provinces, autonomous regions, and municipalities to inspect work, and they revealed an important issue which had not been publicized to the outside world through propaganda; that is, the need to deal seriously with the strategy being formulated against China by hegemonists led by the United States. They are now trying to carry out ideological and economic infiltration, subversion, and encirclement against China and plan to turn China into the Russia of the East in 10 to 15 years.

In early May, the CPC Central Committee's General Office issued a document for study compiled by the

Central Propaganda Department, entitled "About the Antagonistic U.S. Strategy Directed Against China." The document was issued to party committees in provinces, autonomous regions, municipalities, and military regions.

The document lists 12 aspects showing that the United States has shifted the target of its global strategy to China after the disintegration of the Soviet Union. The 12 points are as follows:

First, try to bring Japan and South Korea into the ideological and economic infiltration, subversion, and encirclement scheme against China orchestrated by the United States; instigating hostile anti-China organizations and members of parliament in Japan to influence the Japanese Government's China policy.

Second, supporting Taiwan's efforts to develop its military strength, trying to maintain military confrontation between the two sides of the Strait, wear down China's military and economic strength, and deepen the ideological split between the two sides of the Strait.

Third, using the reciprocal favorable tariff and trade arrangements between China and the United States to carry out open political blackmail and interference in China's internal affairs by diverting international attention.

Fourth, blatantly meddling in Hong Kong's affairs, openly supporting the change in the British Government's China policy, trying to turn Hong Kong into the scene of international political disputes and as an anti-China springboard for the United States and the UK.

Fifth, instigating its political followers to put obstacles in the process of restoring China's legal status in GATT, continuing to use its power in international economic organization to constrain China from expanding its external economic relations and activities.

Sixth, using allied political and military relations to prompt the industrial countries in Western Europe to follow the United States' strategy and policy against China, carrying out political and economic infiltration and subversion, and exerting political and economic pressures to force China to undergo drastic changes.

Seventh, intensify anti-China propaganda and demagoguery through the Voice of America, agitate through trouble-making events, and disturbing China's construction and the people's normal lives.

Eighth, preparing the establishment of a Radio Asia aimed at China and using hostile organizations and forces to conduct anti-China subversive activities and propaganda.

Ninth, using our country's open policy and freedom of religious belief to organize illegal organizations in urban and rural areas to oppose and subvert the Central

People's Government in the form of missionary work and incite defections inside various religious organizations in China.

Tenth, giving political and economic support to overseas exiles, abetting them to set up overseas bases for organizing antagonistic anticommunist and anti-China organizations, spreading political rumors, and instigating overseas Chinese and students to oppose their own organizations.

Eleventh, assisting and supporting exiles in hostile organizations overseas to sneak back into the mainland and carry out illegal underground activities in factories, mines, enterprises, and rural areas against local government leadership and work.

Twelfth, supporting separatists in the Tibet Autonomous Region and the Dalai Lama in exile, instigating so-called "Tibet independence," and supporting the anti-China activities of Tibetan rebels in the international arena.

Investment in U.S. Bonds Grows 'Quickly'

HK0306004693 Beijing ZHONGGUO XINWEN SHE
in English 0931 GMT 2 Jun 93

[Text] Beijing, June 2 (CNS)—As an active investor, China has launched a massive investment plan in the American financial market. China's investment in U.S. bonds grew quickly last year with a gross value of U.S.\$3.4 billion, arousing the attention of international financial and economic circles.

Bonds available in the U.S. market and bought by China are not only confined to U.S. national bonds. The total investment in public bonds was valued at U.S.\$490 million last year, a ten-fold increase over the year before. China's investment in enterprises bonds rose to more than U.S.\$700 million last year from a mere U.S.\$10 million in the previous year.

Investment in U.S. bonds by China amounted to only U.S.\$350 million in 1991. Experts believe that the rapid growth which was seen in investment in U.S. bonds last year indicated a turning point for China's foreign-related financial policies.

Central Eurasia

Georgia's Shevardnadze 'Satisfied' With Visit

OW0306111693 Beijing XINHUA in English 1058
GMT 3 Jun 93

[Text] Beijing, June 3 (XINHUA)—Eduard Shevardnadze, head of state and chairman of the Supreme Soviet of Georgia, said here today that he was "highly satisfied with the practical results" of his current China visit.

Meeting reporters from Georgia and Beijing-based journalists at the Diaoyutai State Guesthouse, Shevardnadze said the visit was proceeded "in an ambience of friendship, mutual understanding and mutual respect."

Talking about the "practical results" of his stay in the Chinese capital, Shevardnadze said the Georgian and Chinese sides signed nearly 20 agreements, among which the joint declaration signed by Chinese President Jiang Zemin and he himself is the most important.

Despite the remote distance and great disparity in size between the two countries, he said, "we have been convinced through the visit that our two countries have many common points and can cooperate in many aspects."

"There is a broad prospect for such cooperation in politics, economy, science and technology, sports, tourism and many other fields," Shevardnadze added.

According to the Georgian head of state, both Georgia and China are highly interested in the construction of a "corridor" project which would connect Europe and Asia.

He added that the concrete measures concerning the construction of the project, which is basically a channel of transport of both materials and personnel, are being discussed by experts from Georgia, China and other countries concerned.

Shevardnadze, the former Soviet foreign minister, noted that the cooperation between a big country like China and a small country like Georgia on the basis of equality, mutual benefit and mutual respect is "extremely important" during the process of setting up a new world order.

In particular after the disintegration of the former Soviet Union, he added, such cooperation became more important.

He repeated that the cooperative ties between Georgia and China can be cited as a model of state-to-state relations.

Shevardnadze also thanked the Chinese side for the hospitality it had accorded him and his party.

Earlier in the afternoon, Shevardnadze met with a group of Chinese industrialists, who later discussed concrete issues concerning cooperation with their Georgian counterparts.

After the meeting with reporters, Shevardnadze and his party left here for Dalian, a coastal city in northeast China.

China, Georgia Issue Declaration

*OW0406112993 Beijing XINHUA in English 1118
GMT 4 Jun 93*

[Text] Beijing, June 4 (XINHUA)—Both Chinese and Georgian leaders pointed out that their first summit meeting has defined the basic principles governing bilateral relations and it is of great importance, according to a joint declaration issued by the two countries here today.

The declaration said that the results of the visit have upgraded the bilateral relationship to a brand-new level.

Both sides believe that the relations between China and Georgia will become a model of co-operation on an equal footing between two countries, regardless of their sizes or development levels, the declaration said.

Such co-operation conforms to the fundamental interests and aspirations of the two peoples and is contributive to the peace, stability and security of the world, it added.

At the invitation of Chinese President Jiang Zemin, Georgian head of state and chairman of the Supreme Soviet Eduard Shevardnadze paid a three-day official visit to China from June 2 to 4.

Jiang and Shevardnadze held talks in an open and practical manner, based on which the two leaders signed the joint declaration.

The declaration said that the two countries have reiterated their willingness to develop bilateral ties on the basis of mutual respect of sovereignty and territorial integrity, mutual non-aggression, non-interference into each other's internal affairs, equality and mutual benefit, and peaceful co-existence.

The two countries hold that controversial issues should be solved only through peaceful means, the declaration said.

Both sides will cooperate in a bid to promote the peace and stability in the region and in the world as a whole, and both advocate the establishment of a fair and rational international political and economic order, it said.

The two sides will broaden and strengthen their co-operation in the framework of the United Nations, other international organizations and multilateral conferences in which both sides are involved, the declaration said.

Both sides also hold that that the effective implementation of the objectives and general principles of the United Nations charter and norms of international laws should be guaranteed and the role of the United Nations should be enhanced in the affairs to safeguard world security, prevent aggression and solve armed conflicts peacefully, it said.

According to the declaration, the leaders, parliaments and governments of the two countries will hold regular political consultations on strengthening bilateral co-operation and other issues of common interests.

In addition, government departments and non-governmental organizations of the two countries will also maintain regular direct contacts.

The two countries will make essential efforts to further expand the relations of mutually beneficial co-operation in political, economic, cultural and other fields on a

long-term basis, and earnestly carry out their respective obligations, the declaration said.

Also, they will take necessary measures to ensure the implementation of all the existing agreements that have been signed and the further development of the mutually beneficial economic and trade relations.

The two sides will co-operate in such areas as those in preventing organized crimes, drugs trafficking, terrorism, and actions to undermine the security in civil aviation and ocean shipping and smuggle cultural relics and other items, the declaration noted.

The Republic of Georgia recognizes the People's Republic of China as the sole legal government representing China, and Taiwan as an inalienable part of China. Georgia pledges that it will not establish official ties of any form with Taiwan.

Meanwhile, the government of the People's Republic of China recognizes the independence, sovereignty and territorial integrity of the Republic of Georgia.

Both sides declare that the development of the friendly co-operation between the two countries is neither directed against any third country, nor will it undermine their obligations undertaken by the bilateral and multi-lateral agreements they have signed with other countries, the document said.

Both sides pointed out every country has the right to choose its own social system and economic mode and road of development, and differences in this aspect will not hinder co-operation among countries, the declaration said.

Kyrgyzstan Supreme Soviet Group Visits Guangdong

HK0206125593 Beijing ZHONGGUO XINWEN SHE in Chinese 1337 GMT 28 May 93

[By correspondent Chen Jing (7115 5449)]

[Text] Guangzhou, 28 May (ZHONGGUO XINWEN SHE)—A 25-member delegation of the Kyrgyzstan Supreme Soviet headed by Medetkan Sherimkulov, Supreme Soviet chairman of the Republic of Kyrgyzstan, arrived in Guangzhou last night on a CAAC passenger plane. The delegates were received with warmth and friendliness by all circles of Guangdong Province and Guangzhou.

Chairman Medetkan Sherimkulov and the delegation this morning went to the Guangzhou suburbs of Sanshui and Nanhai Cities to visit large enterprises, such as the Jianlibao Group Company Limited and the Asia Aluminium Material Factory, to take a look at the production and sales operations there. In the afternoon, Lin Ruo, Guangdong Provincial People's Congress Standing Committee chairman, feted the chairman and the delegation members at the Zhongguo Hotel. Chairman Lin Ruo briefed the guests on Guangdong's reform and

opening up policy, its rapid economic growth, and the duties and work of the provincial people's congress and talked with Chairman Medetkan on subjects of common interest.

Education Delegation Leaves for CIS Countries

OW0306112993 Beijing XINHUA in English 0759 GMT 3 Jun 93

[Text] Beijing, June 3 (XINHUA)—An education delegation from China's State Education Commission (SEC) left here by air this afternoon to pay a two-week official visit to three countries of the Commonwealth of Independent States (CIS).

The three countries are Russia, Belarus and Ukraine.

Diplomatic envoys from the embassies of the three countries in Beijing saw off the delegation headed by Liu Bin, vice-minister of the SEC.

Xinjiang Border Town Profits From CIS Trade

OW0206110893 Beijing XINHUA in English 1029 GMT 2 Jun 93

[Text] Urumqi, June 2 (XINHUA)—China's opening of its northwest border to the Commonwealth of Independent States (CIS) has brought prosperity to Tacheng, a small border city in the northwest part of Xinjiang Uygur Autonomous Region.

Last year, the city garnered 50 million U.S. dollars worth of barter trade. It also received a large number of tourists from the CIS. At present, the city has established close economic and technological relations with many places within neighboring countries.

The city, eight km from the Chinese-Kazakhstan border, used to be very poor because of isolation and still has a population of only 50,000. The state approved it as one of China's open border cities last June.

The city is speeding up its construction of public works to meet the new demands for conducting border trade. It has invested a total of 35.9 million yuan to build an economic and cooperation zone on 6.5 sq km of land. The city plans to construct six subzones within the zone.

In the meantime, the city has also signed an agreement with a Japanese company to allow the Japanese company to solely sponsor the building of a free commercial and trade town.

Besides completing the construction of a trading center in the city proper this year, the city has accelerated construction of an airport and a building to be installed with 5,000 computer-controlled telephone lines, which will link the area with other parts of the world. The latter two projects will be finished and put into operation by the end of this year.

Northeast Asia

Sources: PRC-DPRK Relations 'Growing Worse'

HK0406110293 Hong Kong CHING PAO in Chinese
No 6, 5 Jun 93 p 46

[By Meng Lin (1322 3829): "China Reiterates Position on Korean Peninsula"]

[Text] At a time when Western countries are hoping that China will use its traditional friendship with North Korea to persuade Pyongyang to return to the Nuclear Nonproliferation Treaty, PRC-DPRK relations are becoming increasingly tense. In fact, since China established diplomatic relations with South Korea last August, North Korea has begun to continuously attack China's domestic and foreign policies.

According to informed sources in Beijing, between January and April of this year the Korean People's Army provoked 42 incidents against China in the Yalu Jiang. It shot a total of more than 700 bullets, injuring 18 Chinese border guards and 13 local civilians, and killing two border guards and three civilians. The DPRK Embassy in China even mailed propaganda materials to some Chinese party and Government institutions, slandering Chinese party and Government leaders as well as China's domestic and foreign policies.

In mid-April, flights of the Chinese airline from Beijing to Pyongyang were suspended, and the flight of the Korean airline to Beijing was reduced to once every one or two weeks. Recently, North Korea even threatened to develop political relations with Taiwan in order to reply to China's action of establishing diplomatic relations with South Korea.

Jiang Zemin Did Not Meet Kim Il-song's Special Envoy

According to informed sources, on 13 May Kim Il-song sent a special envoy to China to see CPC General Secretary Jiang Zemin. China declined this request on the ground that Jiang was busy and had to deal with some urgent affairs, and sent Ding Guangen, member of the CPC Central Political Bureau, and former Vice Premier Wu Xueqian to separately meet with Kim's special envoy. They reiterated China's position.

Wu Xueqian said: China hopes that the Korean side will not do anything harmful to the relations between the two peoples and between the two governments.

Ding Guangen pointed out that at present, relations between the two parties in China and in Korea are growing worse, so he hopes that the Korean side will stop its internal propaganda and activities of attacking and slandering the CPC and the Chinese Government, and will immediately stop the activities of interfering in China's internal affairs in China's capital and in the Sino-Korean border area.

Ding Guangen announced the suspension of implementing the agreement on exchanging visits between the retired party workers between the Chinese and the Korean parties and the rescission of the decision on inviting the delegation of the Workers Party of Korea and the delegation of the officers of the Korean People's Army to visit China this year.

China's Stance on the Korean Peninsula Issue

The informed sources also said some officials of the CPC higher leadership on 17 May gave a special briefing on the latest developments in PRC-DPRK relations to members of the CPC Central Committee Political Bureau, state councillors, and vice chairmen of the National People's Congress, reiterating China's stance:

1. On 10 May, Jiang Zemin, in the capacity of state president, wrote to President Kim Il-song, elaborating on China's principled stance on the Korean peninsula issue. China is opposed to any attempt to deliberately create tension and confrontation and hopes that peace and stability will be maintained on the Korean peninsula. China hopes the Korean peninsula will become a nuclear-free zone; in order to ensure that both the southern and northern parts of Korea are nuclear-free, not only the northern part of Korea has to reconsider its nuclear development program, but the southern part of Korea also needs to have all U.S. nuclear arms removed. China hopes all the other parties concerned will assist the southern and northern parts of Korea in settling this issue through negotiations rather than intensifying the trouble.
2. China does not endorse any military operation that would upset the tranquil situation on the Korean peninsula.
3. China will support the DPRK if it is facing direct military invasion initiated by foreign countries or military attack initiated by the enemy with foreign support.
4. With regard to the export of military equipment, at the present stage China's policy remains unchanged; that is, China bans export of whatever arms and equipment are likely to impair regional peace and balance.
5. China actively supports Korea in carrying on a dialogue with the United States and Japan with the aim of improving bilateral relations, eliminating factors that may cause tension, and expediting the peace and development of the Korean peninsula.

Mongolian Minister Supports 'One China' Policy

OW0306152793 Beijing XINHUA in English 1442
GMT 3 Jun 93

[Text] Ulaanbaatar, June 3 (XINHUA)—The Mongolian minister of external relations, Tserenpiliyn Gombosuren, said here today that there is only one China with its government in Beijing, and there is no issue under which his country should be recognized by Taiwan.

The minister told a press conference that Taiwan is a part or a province of the People's Republic of China and therefore there is no issue that Mongolia should seek the recognition of a certain part or a province of a country.

Discussing foreign policy, the minister said China and Russia are the priorities in Mongolia's diplomacy but it is also seeking to promote ties with Japan, the United States and other countries and regions.

He also stated that Mongolia has no intention of seeking to persuade Mongolians living in other parts of the world to return to their country.

Zou Jiahua Receives Japanese Trade Officials

OW0206120793 Beijing XINHUA in English 1144
GMT 2 Jun 93

[Text] Beijing, June 2 (XINHUA)—Chinese Vice-Premier Zou Jiahua met and had a friendly conversation with Yuji Tanahashi, permanent vice-minister of Japan's Ministry of International Trade and Industry, and his party here this afternoon.

The Japanese guests arrived here May 31 at the invitation of the Chinese State Planning Commission (SPC). They attended the 15th high-level working conference between the Chinese SPC and the Japanese ministry, which started here Tuesday [1 June] and ended today. Apart from Beijing, they are also scheduled to visit Guilin and Shenzhen in south China.

Zou Confirms 'Overheating'

OW0206145593 Tokyo KYODO in English 1400 GMT
2 Jun 93

[Text] Beijing, June 2 KYODO—A Chinese vice premier confirmed Wednesday [2 June] China has altered its economic policy of attaching importance to high economic growth, Japanese officials said.

Zou Jiahua made the confirmation when he met Yuji Tanahashi, Japan's vice minister of international trade and industry.

Zou said the Chinese economy is growing at too high-pitched a pace and is overheating. He said excessive growth backfires, according to the officials.

Ye Qing, vice minister of the State Planning Commission, predicted at a meeting with Tanahashi that China's economy will grow at between 10 percent and 12 percent this year after 12.8 percent last year.

The official made the prediction assuming that macro-economic policies are implemented appropriately.

Bank Official Li Guixian Meets Japanese Banker

OW0206125593 Beijing XINHUA in English 1247
GMT 2 Jun 93

[Text] Beijing, June 2 (XINHUA)—State Councillor and Governor of the People's Bank of China Li Guixian met with President Tsuneo Wakai of the Japanese Mitsubishi Bank here this afternoon.

President Wang Deyan of the Bank of China was present at the meeting.

Southeast Asia & Pacific

Cambodian Party Leader Discusses Elections

BK0406074793 Beijing China Radio International in
Cambodian 1030 GMT 3 Jun 93

[Text] The National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia [FUNCINPEC] Party headed by Prince Norodom Ranariddh took the lead with more than 80 percent of votes counted. In an interview with a station correspondent at the FUNCINPEC Party's head office in Phnom Penh on 2 June, Prince Norodom Sereivut, secretary general of the party, said: Although the general elections were not conducted 100 percent freely and fairly, they have basically established the Cambodian people's aspiration. The overwhelming support for the FUNCINPEC Party shows the respect and support of the majority of the Cambodian people for His Royal Highness [HRH] Prince Norodom Sihanouk and the latter's desire to remedy disorder and abolish poverty in present-day Cambodia.

The FUNCINPEC Party's head office, which also serves as Prince Norodom Ranariddh's residence, is situated on Road 214 in Phnom Penh. The FUNCINPEC Party's radio and television stations are also installed in the office. Prince Norodom Sereivut gave the interview to our station correspondent in a living room on the second floor. The prince, over age 40, is a younger brother of HRH Prince Norodom Sihanouk and is ranked second after HRH Prince Sihanouk in the royal family chart. Prince Sereivut, a refugee in France, returned to the Cambodian-Thai border in 1988 to join the resistance forces headed by HRH Prince Sihanouk. At present, he is a key leader in the FUNCINPEC Party. He talked about important issues regarding the general polls in Cambodia and expressed serious concern over the current situation in the country. He, however, was firmly optimistic about the future. He said the international community and United Nations have helped Cambodia hold the elections in order to achieve the people's wish. He noted that victory or defeat in the polls is not a key issue. The key issue is to end the war, restore peace, and rebuild Cambodia under the leadership of HRH Prince Sihanouk in order to allow the people to live in happiness. The prince added that if the FUNCINPEC Party won in the elections, it would cooperate with other

Cambodian parties, including the Party of Democratic Kampuchea [PDK], and the entire Cambodian people to rehabilitate the country.

Commenting on the party's foreign policy, Prince Sereivut said: The FUNCINPEC Party will implement a foreign policy advocating independence, territorial integrity, and nonalignment; and promote friendly relations and cooperation with various countries all over the world, especially neighboring states, on the basis of equality, mutual respect, and noninterference in one another's internal affairs.

Asked whether the accusations by the Cambodian People's Party [CPP] about irregularities in the general elections would affect the election results, the prince anxiously said: The CPP has not only made scores of accusations, but also demanded the reorganization of elections in some major constituencies. Inevitably, this action has raised doubt about whether the election results will be accepted. In case the poll results are rejected, it is possible that confusion, division, and a new war will erupt in Cambodia. The prince, however, said he hoped that the CPP would not ignore the sake of the country's future because of its own interests. The CPP was able to see the people's aspiration for peace and would respect the people's choice.

The prince disclosed that HRH Prince Norodom Sihanouk had written to Prince Norodom Ranariddh and CPP Chairman Chea Sim inviting them to meet him to jointly discuss ways to solve the current problems. He [words indistinct] HRH Prince Norodom Sihanouk, most revered and loved by the people, will boost his important role at this point in time. The prince also revealed that the international community has begun urging various Cambodian parties to cooperate with one another after the elections.

Asked why the elections could have proceeded so smoothly, Prince Sereivut said the well-organized measures taken by UNTAC and the political involvement of the overwhelming majority of the voters are the key to the smooth process of the polls. The prince especially pointed out that the PDK's refraining from carrying out major destructive activities was also a factor for the smooth process of the polls. The prince praised PDK leaders, saying their nonsubversion of the elections was a wise action.

In conclusion, Prince Sereivut appealed to various Cambodian parties to forget their past differences of opinion and look forward to joining hands to rebuild an independent and democratic Cambodia, thereby allowing the people to enjoy a new life of well-being and happiness.

Sihanouk Forms Cambodian Government; Becomes Head

*OW0306134493 Beijing XINHUA in English 1336
GMT 3 Jun 93*

[Text] Phnom, Penh, June 3 (XINHUA)—Prince Norodom Sihanouk today formed a new government of

Cambodia with himself as the head of state, prime minister and chief of the Cambodian Armed Forces.

His son Norodom Ranariddh and the head of the Phnom Penh authority Hun Sen were named as the vice prime ministers by Sihanouk.

In a declaration announcing the forming of the government, Sihanouk also called on the Khmer Rouge (the Party of Democratic Kampuchea) to help reach a national reconciliation in the country.

"I will continue to recognize the existence, in the framework of the Cambodian national community, of the Party of Democratic Kampuchea (PKD)," said Sihanouk. "I continue to recognize officially Mr. Khieu Samphan, president of the PKD, and Mr. Son Sen, vice president of the PKD, as members of the Supreme National Council."

Sihanouk also said he condemns "all resorts to violence and force to resolve this or that problem."

"Any question concerning Cambodia should be approached, examined and resolved through the peaceful means and in the strict respect of human rights," he said.

He said all the ministries of the new government will be headed by two co-ministers, one from the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful and Cooperative Cambodia] Party headed by Ranariddh, and the other from the Cambodian People's Party headed by Hun Sen.

The seats of vice-ministers will be taken by members of other 18 parties participating in the elections in May.

"From today on, there is no more than one unified Cambodian state, which is simply called 'Cambodia,'" he said.

He said that the frontiers of the country will be those settled in 1969, "which were internationally recognized until the illegal coup d'etat on March 18, 1970 by Lon Nol."

"Our people have suffered too much in an unjust way over the past 23 years since then, and no one has the right to make them suffer any more," said Sihanouk.

He also thanked the Cambodian people for entrusting him with the new position as head of state.

Drops Coalition Government Plan

*OW0406053893 Beijing XINHUA in English 0524
GMT 4 Jun 93*

[Text] Phnom Penh, June 4 (XINHUA)—Cambodian leader Prince Norodom Sihanouk today abandoned his decision to head a new coalition government.

In a letter to his son, Prince Norodom Ranariddh, Sihanouk said that "certain Cambodians" and United

Nations officials had accused him of launching a "constitutional coup" in forming a coalition government.

Prince Sihanouk announced Thursday [3 June] that he would be the prime minister of a coalition government formed by the royalist FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] party led by his son and the current Prime Minister Hun Sen's Cambodian People's Party.

The prince said in a statement today that "major obstacles" are preventing him from forming the new government.

He now "leaves the Phnom Penh regime and FUNCINPEC to assume, on each side, all responsibility for whatever bloody and tragic event that could happen to our unfortunate country and people."

'Commentary' on New Cambodian National Government

OW0306221493 Beijing XINHUA Domestic Service in Chinese 1611 GMT 3 Jun 93

[XINHUA "short commentary" by reporter Yang Mu (2799 2606): "National Reconciliation Is the Basis for Resolving the Cambodian Issues"]

[Text] Beijing, 3 Jun (XINHUA)—Prince Norodom Sihanouk and leaders from FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] and the Cambodian People's Party held emergency consultations after the Cambodian general election situation settled down, but domestic destabilizing factors worsened. Afterward, in accordance with their requests, Prince Norodom Sihanouk resolutely made an important policy decision on forming the Cambodian National Government.

This is a major measure aimed at lessening contradictions among various relevant Cambodian parties, laying a foundation for adopting a national constitution, completing the peace process, and at rebuilding Cambodia. It is a key to peace, as Cambodia faces new challenges and must choose between war and peace. Embodying the Cambodian nationality's supreme interests, it conforms to the common aspirations of people throughout the country.

The establishment of the national government as proposed by Sihanouk will definitely be conducive to relaxing tension. Sihanouk, as the head of state after the conclusion of discussions held by the two major parties, should naturally lead and command the government, military, and police. Such a situation will certainly be warmly supported by the Cambodian people and welcomed by the international community.

Sihanouk, an internationally renowned statesman, showed his extraordinary political acumen with the above policy decision. He has been considering and

discussing the model and structure of this type of coalition government for many years. As early as 1989, when international meetings on Cambodia were held in Paris, he had proposed a four-party coalition government and armed forces and drew up a government organizational chart. He proposed establishing a system whereby two ministers, or "coalition ministers," would concurrently serve in each of the ministries. The establishment of the current national government has been exactly the realization of his previous concepts. This is the sole legitimate government. Therefore, he announced: "The Government of the State of Cambodia (or the Phnom Penh regime) no longer exists." And he "continues to recognize the existence of the Party of Democratic Kampuchea [Khmer Rouge]." This announcement upholds the crucial link of national reconciliation, which was the basis of the Paris peace agreements, and will link up with the constitution, which is to be adopted shortly.

Unquestionably, it is still necessary to resolve many difficulties and complex problems, including how the national government will link up with work on completing the general election, as well as the problem of forming the government and armed forces.

Historic experience has shown that a political settlement of the Cambodian issues is the only way out. Civil war will ruin the country and people. The Cambodian people want peace, not civil war; they want unification, not splittism. Only peace and unification can make Cambodia thrive and prosper.

Zou Jiahua Receives Burmese Railway Minister

OW0406130893 Beijing XINHUA in English 1237 GMT 4 Jun 93

[Text] Beijing, June 4 (XINHUA)—Chinese Vice-Premier Zou Jiahua met and had friendly talks here today with U Win Sein, visiting Myanmar [Burmese] minister of rail transportation.

The Myanmar minister is here as guest of the Chinese Ministry of Railways. He is going to northeast China's Dalian City tomorrow to attend an inauguration ceremony of the first diesel locomotive made for Myanmar by a Chinese locomotive plant.

Bridge Linking Yunnan, Burma Officially Opens

HK0206141393 Kunming Yunnan People's Radio Network in Mandarin 1000 GMT 30 May 93

[Excerpt] On the morning of 28 May, the Wanding-(Chiuku) Bridge, which links the friendship between the Chinese and Burmese peoples, was officially opened to traffic with cheers from several tens of thousands of people on the scene.

At the opening ceremony, Wang Guangxian, Yunnan vice governor, and Lieutenant Major Maung Thint, Burmese minister of Development of Border Areas and National Races, gave ebullient speeches on behalf of the

Chinese Ministries of Foreign Affairs and Transportation, the Yunnan Provincial People's Government, and the Burmese Government. The two also cut the ribbon for the opening of the bridge. [passage omitted]

Ambassador Presents Sporting Goods to Burma

*OW0306224793 Beijing XINHUA in English 1628
GMT 3 Jun 93*

[Text] Yangon [Rangoon], June 3 (XINHUA)—Chinese Ambassador to Myanmar [Burma] Liang Feng, on behalf of the Chinese State Physical Culture and Sports Commission, presented a patch of sports goods to the Myanmar Sports and Physical Education department here Thursday [3 June].

Myint Tun, vice-president of the Myanmar Olympic Committee and director-general of the Myanmar Sports and Physical Education Department, accepted the sports goods including football suits, gymnastic suits, judo suits and footballs.

Myint Tun said that the sports goods expressed the friendship of the Chinese sportsmen to the Myanmar athletes and it is a big encouragement to the Myanmar athletes who are to participate in the coming 17th Southeast Asian Games to be held in Singapore later this month.

The Chinese ambassador wished the Myanmar athletes to achieve good results in the games.

Bank Chief Receives Thai Bank Delegation

*OW3005132993 Beijing XINHUA in English 1318
GMT 30 May 93*

[Text] Beijing, May 30 (XINHUA)—Li Guixian, Chinese state councillor and governor of the People's Bank of China, met with Viji Supinit [spelling of name as received], governor of the Bank of Thailand, and his party here today.

The Thai visitors came here May 29 as guests of the People's Bank of China.

Malaysian Urges Review of Human Rights Concept

*OW0406043893 Beijing XINHUA in English 0205
GMT 4 Jun 93*

[Text] Kuala Lumpur, June 4 (XINHUA)—Malaysian Law Minister Syed Hamid Albar said certain human rights concepts in the international documents are out of date and they need reviewing to reflect the genuine socio-political peculiarities and concerns of developing countries.

"These instruments were formulated and enacted by the mostly developed north and at the time when the

majority of the countries of the south were under colonial dominations and did not have a say in the formulation of the instruments," he said at a dinner function here last night.

"What is worrying is the attempt by the developed north to politicize human rights and impose definitions, standards and practices based on one-sided and jaundiced views," Hamid noted.

He said it is also disturbing that there is "the tendency to give selective emphasis to civil and political rights as opposed to the promotion of economic, social and cultural rights which are lagging due to the widening gap between the North and the South, the rich and the poor".

"In order to create a just world, envisaged in the new world order, the approach to human rights should be on the basis of the indivisibility and interdependency of civil, political, economic, social and cultural rights," the minister emphasized.

The rights to food, shelter, health and education is equally a fundamental and inalienable right as the right to democracy and freedom of speech, he added.

Sub-Saharan Africa

CPC's Hu Jintao Meets Burkina Faso Minister

*OW3005133693 Beijing XINHUA in English 1307
GMT 30 May 93*

[Text] Beijing, May 30 (XINHUA)—Hu Jintao, member of the Communist Party of China's Politburo Standing Committee, met with Kanidoua Naboho, vice-chairman of the Organization for Popular Democracy-Labor Movement and minister of state of Burkina Faso, and his party here today.

The two sides exchanged views on the international situation and the development of the ties between the two parties and the two countries.

Hu noted that the current world is developing toward multipolarity and that "it is possible for us to strive for a relatively longer period of maintaining a peaceful international environment."

However, he said, it should be pointed out that various contradictions are developing in depth and some regions are still in turbulent and chaotic situations.

With similar historical experience, the developing countries should support and sympathize with each other in maintaining national independence and sovereignty, in their struggle against foreign interference and striving for common development, and promote the expansion of their friendly cooperation, he said.

Naboho said that under the current situation, the Third World countries could have enough strength to counter adverse international circumstances only when they are

united, adding that they should guard against interference in their internal affairs by foreign countries under the guise of supporting democracy and human rights.

During the meeting, Hu also briefed the Burkina Faso visitors on China's reform and opening.

After the meeting, Hu hosted a dinner for Naboho and his party.

Li Shuzheng, alternate member and deputy head of the International Liaison Department of the CPC Central Committee, was present at the occasions.

The Burkina Faso visitors came to China May 22 at the CPC's invitation. Before their arrival here, they visited Shenyang and Dalian.

East Europe

Bulgarian Judicial Delegation Comes, Signs Accord

OW0206120693 Beijing XINHUA in English 1123
GMT 2 Jun 93

[Text] Beijing, June 2 (XINHUA)—An agreement between the People's Republic of China and the Republic of Bulgaria on judicial assistance in civil matters was signed here today.

Chinese Minister of Justice Xiao Yang and Bulgarian acting Minister of Justice F. Nedelchev signed the agreement on behalf of their respective governments.

It is learned that up to date China has signed bilateral treaties or agreements with 16 countries on judicial assistance in civil matters. China's similar treaties with Canada and Greece are under negotiation.

Zhang Siqing, procurator-general of the Chinese Supreme People's Procuratorate, met with the Bulgarian visitors and hosted a dinner in their honor here tonight. F. Nedelchev and his party arrived here yesterday on a ten-day tour of China.

Luo Gan Meets Delegation

OW0306034993 Beijing XINHUA in English 0252
GMT 3 Jun 93

[Text] Beijing, June 3 (XINHUA)—Chinese State Councillor Luo Gan met with Bulgarian acting Minister of Justice F. Nedelchev and his party here today.

The Bulgarian group arrived here Tuesday [1 June] for a ten-day visit. Yesterday Nedelchev and Chinese Minister of Justice Xiao Yang signed an agreement on judicial assistance in civil matters between China and Bulgaria.

Political & Social**Tibetan Forum Discusses 'Stabilizing Situation'***OW0406035293 Lhasa Tibet People's Radio Network
in Mandarin 1430 GMT 3 Jun 93*

[From the "Tibet News" program]

[Text] On the morning of 3 June, the United Front Work Department of the regional party committee invited Standing Committee members of the Tibetan Regional Committee of the Chinese People's Political Consultative Conference [CPPCC] and religious figures in Lhasa to a forum to discuss flashpoint issues in building a socialist market economy—issues of concern to the masses—and the importance of stabilizing the situation in the region.

(Luosang Danzen), Lhamin Soinam Lhunzhub, and Lhalu Cewang Doje, vice chairmen of the regional CPPCC committee; (Cemolin Danzen Chilie), vice chairman of the Tibetan branch of the Buddhist Association of China; and (Yixi Chilie), (Xia Zha), and (Gandeng Sanjue), Standing Committee members of the regional CPPCC committee, spoke at the forum.

Forum participants pointed out: People of all nationalities in Tibet are currently making earnest efforts to implement the guidelines of Comrade Deng Xiaoping's talks given during his inspection tour of south China and the guidelines of the 14th national party congress and the Fourth Enlarged Plenary Session of the Fourth Tibetan Regional CPC Committee. With strong political enthusiasm, they are using the present good opportunity to advance the region's economic construction. In this excellent situation, every citizen is dutybound to safeguard social stability. We must understand that without political stability and unity, we cannot accelerate the region's reform, opening up, and economic construction and achieve a relatively comfortable standard of living at an early date. As Comrade Deng Xiaoping has said: Stability constitutes China's paramount interest. Without stability, nothing can be achieved. Our region's stability has not come easily, and we must treasure and cherish it dearly. On no account should we allow a few separatists to disrupt and undermine it.

Recalling the tremendous achievements scored in the last decade and more since the reform and opening up, participants pointed out: Like the rest of the country, our region is gradually changing its planned economy to a socialist market economy. Under the new circumstances, our broad masses should also keep in step with the social development. We must bring about a radical change in our thinking and viewpoints. We must boldly abandon the outmoded thinking and viewpoints formed during the planned economy over the long term. Building a socialist market economy is a new revolution. In the face of this new revolution, we will get nowhere if we continue to approach issues and resolve problems with old thinking and viewpoints. Take commodity prices, for example. Most of the commodities we consume are from

the interior. When the price of commodities in the interior rises, we will be guilty of violating the basic rule of a commodity economy and we will adversely affect the normal operation of our economy if we try to artificially hold down prices. Take the price of grain as another example. The vital interests of the broad masses of peasants and herdsman in our region will be affected if we artificially lower its price.

At the forum, keeping in mind Tibet's reality, participants also expressed many good viewpoints and made many good suggestions on ways to strengthen the building of a socialist legal system, improving the masses' sense of law, further shifting government functions at various levels to provide better service to the masses, further strengthening propaganda and education, and promptly removing the masses' doubts, answering their questions, and heightening their ideological awareness.

Also present at the forum were Pagbalha Geleg Namgyai, vice chairman of the National People's Congress Standing Committee; (Jiangzhong Zhaji Doje), Jimzhong Gyaincain Puncog, Tangmai Gongjue Baimu, Gonbasar Tubdanjigzha, Cedain Zhoima, Duoizha Jiangbailuosang, and (Xu Hongsheng), vice chairmen of the regional CPPCC committee; (Fumi Qiangbaluozhu), chairman of the Tibetan branch of the Buddhist Association of China; and (Renzhen Danzenzhenmei), vice chairman of the association.

Official Interviewed on Tibet Social Order*OW0406062493 Lhasa Tibet People's Radio Network
in Mandarin 1430 GMT 3 Jun 93*

[Interview with (Wu Jin), deputy director of the Tibet Autonomous Regional Public Security Bureau, by station reporter on 2 June; place not given—recorded; from the "Tibet News" program]

[Text] [Reporter] Deputy director, since the convocation of the 14th CPC National Congress, people throughout the country have implemented the congress guidelines while Tibet has taken new steps in its economic and social development. Under the situation of deepening reform and opening the country wider to the outside world, would you please discuss the condition of Tibet's social order?

[(Wu Jin)] As you said, people throughout the region are earnestly implementing the guidelines of the 14th CPC National Congress, the Fourth Enlarged Plenary Session of the Fourth Tibet Autonomous Regional CPC Committee, and the first session of the Sixth Tibet Autonomous Regional People's Congress in a bid to develop productive forces by deepening reform and opening wider to the outside world and by establishing a socialist market economy, thereby achieving progress in all fields of socialist endeavor.

Like the country as a whole, the situation of public security in Tibet is generally good. In implementing

central authorities' instructions to grasp with two hands [push forward reform on one hand and crack down on crime on the other], the public security organs, with the support of the masses, have dealt severe blows to crime, reformed and strengthened work related to public security officers, and effectively brought the incidence of criminal cases and public security cases under control. The situation is stable in the vast farming and pastoral areas; the people live in peace and contentment and public order is relatively good, thereby ensuring a stable, sound environment for Tibet's economic construction.

This good situation did not come easily—it is the result of diligent work by the large numbers of public security officers, armed police, and public security departments, as well as the common efforts of people of all nationalities and in all circles in the region. We should cherish and protect the fruits of our diligent labor. We should cherish even more the hard-earned social stability, especially in the current reform and opening up and in the course of establishing a socialist market economy. Any factor that may trigger social turmoil [dong luan] is detrimental to the current good situation and to Tibet's economic and social development, and it can ultimately cause suffering among the masses of people in Tibet.

[Reporter] Do factors that can destabilize social order exist in the current reform and opening up and in the process of establishing a socialist market economy?

[(Wu Jin)] Destabilizing factors invariably exist in social order in any stage of social development. China is currently in an era of large social changes, and destabilizing factors definitely exist. However, we must confirm that persisting in reform and opening up and gradually establishing and perfecting a socialist market economy is the only path leading to socialism with Chinese characteristics, as well as the fundamental guarantee for Tibet's prosperity and strength. Without reform and opening up and without developing the economy, there will be no long-term order and stability in society and no guarantee for social stability. In the course of reform and opening up and of establishing a socialist market economy, problems will inevitably crop up. Such problems should be resolved through proper, lawful means. Furthermore, such problems are transient in nature; they will gradually decrease and be eliminated along with continual perfection of the market economic system. Hence, understanding and support are needed from the masses. Their confidence in reform and opening up and a socialist market economy should not waver because of the emergence of some problems. Less so should they resort to unlawful means to seek the solution of problems.

[Reporter] In a special region such as Tibet, are there people who try to create trouble by exploiting issues of common concern among the masses that arise from reform and opening up and the process of establishing a market economy?

[(Wu Jin)] As is known to all, separatist forces at home and abroad have always utilized various opportunities to

unscrupulously undermine Tibet's stability and unity in a bid to realize their separatist aim. They have willfully spread rumors about the central authorities' correct principles and policies in an attempt to confuse public opinion and stir up trouble. They have done so now and in the past, and they will do so in the future. We hope the masses will heighten their vigilance, guard against separatists' deception, and conscientiously wage a resolute struggle against the conspiratorial activities of separatist elements.

[Reporter] What measures will the public security organs take to deal with problems that may crop up

[(Wu Jin)] Our public security organs' duties are to protect the people, strike blows at the enemy, punish crime, and serve the modernization drive. Led by the party and the government and relying on the broad masses of people, the public security organs will strengthen their functions and role and will continually reform and improve administrative work in various fields in order to ensure stability in Tibet.

As for specific measures, we will mete out punishment according to the state laws. Take, for example, the question of assembly, procession, and demonstration. The Chinese Constitution stipulates that citizens have freedom of assembly, procession, and demonstration. Meanwhile, Article 51 of the Constitution stipulates: The exercise by PRC citizens of their freedoms and rights may not infringe upon the interests of the state, of society, and of the collective or upon the lawful freedoms and rights of other citizens. Moreover, the Law Governing Assembly, Procession, and Demonstration in the PRC and the measures for implementing this law in the Tibet Autonomous Region and in Lhasa City also stipulate that an application for staging an assembly, procession, or demonstration must be submitted to the competent authorities and permission must be obtained before an assembly, procession, or demonstration can be staged.

The law also provides clear stipulations on the legal procedures for applying for permission to stage a procession. Article 5 of the law stipulates: Assembly, procession, and demonstration should be staged peacefully, and participants should not carry weapons, restricted knives, or explosives, and should not resort to violence or provocative violence [shan dong xing bao li].

As for incidents of unlawful procession, the public security organs will handle them in accordance with the relevant laws. Article 27 of the Law Governing Assembly, Procession, and Demonstration stipulates: The people's police should stop any procession or demonstration that fails to apply for permission or whose application is rejected and that poses a danger to public safety or seriously jeopardizes social order during the procession. Responsible persons of the people's police at the scene are authorized to order the dispersion of a procession that refuses to stop and to take necessary measures to forcibly disperse the procession according to

the relevant state regulations. They are also authorized to take participants who refuse to obey order away from the scene or to detain them (?on the spot).

The law also provides clear stipulations on the legal liability of those who are responsible for or directly involved in unlawful processions. Article 28 stipulates: Public security organs should issue warnings to or detain people who are responsible for or directly involved in a procession that fails to apply for permission or whose application is rejected. Article 29 stipulates: Crimes occurring during an assembly, procession, or demonstration shall be affixed with criminal responsibility according to the relevant provisions in the Criminal Law. The scope of criminal responsibility includes carrying weapons, restricted knives, and explosives; failing to comply with the law's provisions in applying for permission and refusing to obey the order to disperse after the application is rejected; seriously jeopardizing public order; surrounding and assaulting state organs and, as a result, disrupting their normal operation; occupying public places; intercepting vehicles and pedestrians; and/or assembling people to block traffic to the serious detriment of public and traffic order. In short, the ultimate purpose of the public security organs' lawful punishment of contradictions and problems that crop up is to ensure Tibet's economic development and safeguard the rights and interests of the masses of people.

Beijing 'Calm' on Eve of 4 Jun Anniversary

HK0306152093 Hong Kong AFP in English 1506 GMT 3 Jun 93

[Text] Beijing, June 3 (AFP)—Calm prevailed in the Chinese capital late Thursday—the eve of the bloody June 4 crackdown's fourth anniversary—with no incidents reported from potential flashpoints like Tiananmen Square or Beijing University.

The capital's Haidian district, which includes the Beijing University campus, was sealed off by police barricades, with cars bearing the black number plates reserved for foreigners being forced to turn around.

Access to the university was being strictly controlled, with only students and those holding passes allowed to enter, while police motor patrols circled the campus wall. Large numbers of police lined the road leading to the university from the city centre.

Several thousand evening strollers and Chinese tourists from the provinces were sauntering or taking pictures on Tiananmen Square—the focus of the 1989 pro-democracy demonstrations.

Some 30 vehicles bearing the insignia of public order forces surrounded the massive square, which was peppered with plainclothed police carrying walkie-talkies. In the centre of the square, dozens of police and military personnel guarded the Monument to the People's Heroes, which demonstrators had swathed in posters and banners four years ago.

Major thoroughfares were guarded, while police vehicles criss-crossed the city's main arteries. The authorities have brought in thousand of reinforcements in past weeks to bolster the usual police and army units.

The measures were aimed at averting any incident during the anniversary of the six-week period of demonstrations in 1989 that ended with the bloody events of the night of June 3-4 when hundreds perhaps thousands were killed by People's Liberation Army soldiers.

Any signs of a memorial protest have been noticeably less visible than preceding years when the sound of breaking bottles thrown from the windows of dormitories on the university campus marked the anniversary. The breaking of bottles has taken on a ritual significance in China, implying as it does an attack on supreme leader Deng Xiaoping whose name is a homonym for "little bottle" in Chinese.

According to university sources, students have been warned to refrain from commemorative activities and to stay away from the square.

'Beefed Up Security' Noted

OW0306131193 Tokyo KYODO in English 1258 GMT 3 Jun 93

[Text] Beijing, June 3 KYODO—China has beefed up security in Beijing on the major avenues around Tiananmen Square and in the university district in preparation for Friday's fourth anniversary of the crushing of the 1989 pro-democracy movement.

Few Beijingers are likely to engage in any overt recognition of the anniversary, however.

"Of course everyone remembers," said one resident of the city, "but no one dares say or do anything to commemorate the event."

Hundreds, if not thousands, of demonstrators and curious onlookers were shot in the streets around Tiananmen Square in the city's center on the night of June 3 and morning of June 4, 1989, after soldiers were sent into the city in great numbers to enforce a martial law decree.

The demonstrations, which also lashed out at official corruption in the Chinese Government, began after the death of former Communist Party leader Hu Yaobang on April 15 and grew to uncontrollable proportions in the following weeks with as many as a million students and citizens converging at times onto the square.

Since the fateful night in 1989, Chinese security forces have kept heavy surveillance on all elements of society thought capable of reigniting the movement.

Meanwhile, China's economy has witnessed phenomenal growth over the last two years, regaining the momentum it enjoyed before 1989.

"I don't care about politics," a private businessman said, "all I want to do is make money."

"It's important to remember what happened in 1989," a taxi driver said, "but at the same time China needs social stability if the economy is going to continue to develop."

Most Beijingers questioned had similar responses and generally supported China's economic reform despite rising inflation and a growing discrepancy between rich and poor.

"If any unrest erupts in the near future, it will first begin as a protest over low wages or high prices...something with an economic bent," a Beijing diplomat said.

The Chinese press on Wednesday focused on the need to maintain social stability despite fears of inflation, economic dissatisfaction and official corruption.

Four years after crushing the pro-democracy movement, the Chinese Government has refused to admit to any errors in the handling of the matter.

Minor Protest, Heavy Police Presence Mark 4 Jun

HK0406024593 Hong Kong SOUTH CHINA
MORNING POST in English 4 Jun 93 p 10

[Article by John Kohut in Beijing]

[Text] The tinkle of broken glass at Beijing University early this morning was the only signal that the fourth anniversary of the June 4 massacre was being observed in the capital.

A few students threw about 10 bottles from the graduate dormitory to the ground below at midnight, just after the lights were turned out. In Chinese, "small bottles" sounds the same as Xiaoping, the given names of paramount leader Deng Xiaoping and in recent years students have smashed bottles as a sign of protest.

A few screams were heard from the dormitory but witnesses were not able to make out what the shouting was about. The students settled down again after about 15 minutes, and it was not clear whether any students were apprehended by the plainclothes police who were standing nearby.

Uniformed police were in force just outside the walls of the university as part of a general tightening of security around the sensitive Haidian college district. Foreigners were forbidden to enter the cradle of the 1989 democracy movement. Sources at the university said about 30 graduate students considered by the authorities to be trouble-makers were sent home early this week. Earlier last night, a small group of students briefly stayed outside the library building, singing, chatting and playing guitars.

Police told foreign reporters and diplomats converging on the area that only Chinese with the relevant residence permits would be allowed in. Residents in Haidian said

the security was tighter than last year. But police were polite to foreigners and seemed anxious to avoid confrontation.

Late last night, security was also tighter at Tiananmen Square, the focus of pro-democracy rallies four years ago. The esplanade was guarded by 30 police vehicles and scores of uniformed policemen and plainclothes personnel toting walkie-talkies who posed as tourists. The police presence was particularly felt around the Monument to the People's Heroes, where student leaders had camped right up until the massacre.

Although security was tight in many parts of Beijing, overall the mood seemed more relaxed than in previous years. Police in Tiananmen Square, which was open to tourists, seemed relatively tolerant of the presence of foreign journalists. Under a clear sky and a hot summer sun, hundreds of tourists snapped pictures of each other and ate ice-creams as on any other day. Plainclothes police were in evidence, and any Chinese seen talking to foreign journalists probably did so at some risk.

Two American television networks went on to the square with cameras, one having obtained permission to do so from the police. They were told that they could film, but not talk to anyone, according to a foreign television journalist. After 20 to 30 minutes, the camera crews were told to leave.

At the far western end of Changan Avenue, the capital's main east-west artery, a small businessman said police had recently ordered him and others away from a place where they had previously plied their trade. Police ordered the businessman to leave for 10 days, until June 8.

'Business as Usual' Seen

OW0406054093 Tokyo KYODO in English 0525 GMT
4 Jun 93

[Text] Beijing, June 4 KYODO—Beer bottles flung from Beijing University dormitory windows early Friday morning were the only apparent signs of protest on the fourth anniversary of the 1989 crackdown on pro-democracy demonstrators in Tiananmen Square.

Student sources at Beijing University, a hotbed of student activism in 1989, reported hearing beer bottles being smashed outside graduate students dormitories early in the morning.

Smashing small bottles has long been a sign of defiance of elder Chinese leader Deng Xiaoping, whose name in Chinese has the same pronunciation as "small bottle."

Many graduate students are old enough to have participated in the pro-democracy demonstrations that were crushed by the Chinese military four years ago.

People seemed to be going about their daily business as usual Friday in the rest of the city.

Shanghai Dissidents Arrested Prior to 4 Jun*HK0406055893 Hong Kong AFP in English 0521 GMT 4 June 93*

[Text] Beijing, June 4 (AFP)—The Chinese authorities arrested a leading dissident in Shanghai to stop a meeting to commemorate the anniversary Friday of the 1989 Tiananmen Square crackdown, the dissident's wife said. At least three other Shanghai activists were arrested last week as part of a crackdown on dissidents in the run-up to the anniversary.

Zhang Xianliang, 48, a veteran pro-democracy activist, was detained Thursday, a day before he and other dissidents planned to meet in People's Park in the heart of Shanghai, his wife Yan Huili said by telephone. "They weren't going to stage a protest, just have a get together and chat," Yan said.

Police went to Zhang's home on Thursday and insisted that he go to the local police station. From there, he was taken to an unknown location by officials of the municipal public security bureau.

Zhang is a veteran of the 1978 Democracy Wall movement in Beijing, during which he wrote numerous essays in favor of more democracy. He was later jailed for five years for his activities. It was possible that Zhang would be released once the anniversary had passed, as the authorities have done with other dissidents in previous years, Yan said.

Further on Arrests*HK0406063693 Hong Kong AFP in English 0616 GMT 4 June 93*

[Text] Beijing, June 4 (AFP)—The Chinese authorities arrested a leading dissident in Shanghai to stop a meeting to commemorate the anniversary Friday of the 1989 Tiananmen Square crackdown, the dissident's wife said. At least three other Shanghai activists were arrested last week as part of a crackdown on dissidents in the run-up to the anniversary.

Zhang Xianliang, 48, a veteran pro-democracy activist, was detained Thursday, a day before he and other dissidents planned to meet in People's Park in the heart of Shanghai, his wife Yan Huili said by telephone. "They weren't going to stage a protest, just have a get together and chat," Yan said. Police went to Zhang's home on Thursday and insisted that he go to the local police station. From there, he was taken to an unknown location by officials of the municipal public security bureau.

Zhang is a veteran of the 1978 Democracy Wall movement in Beijing, during which he wrote numerous essays in favor of more democracy. He was later jailed for five years for his activities. It was possible that Zhang would be released once the anniversary had passed, as the authorities have done with other dissidents in previous years, Yan said.

On Wednesday of last week, police arrested three other political activists who were active in an unofficial labor union set up during the 1989 protests. All three, Gao Xiaoliang, Yao Tiansheng and Han Lifa, were being held in city's No. 1 Detention Center. A friend of the three, Yang Kaiwen, has been missing since May 1 and was also believed to have been arrested.

Shanghai has emerged this year as a growing center for dissident activity. Zhang has been active in organizing several petitions and has largely assumed the role of critic Wang Ruowang, who was the guiding force behind Shanghai's dissident community before going to the United States last year. In March, Zhang and more than 20 other Shanghai activists wrote to the government demanding the release of Sun Lin and Fu Jiqin, who were arrested March 1 for having contacts with overseas pro-democracy groups. Fu was later freed, but Sun was charged in April with "counter-revolutionary" crimes.

The same petition called on the authorities to carry out profound political reforms to accompany China's economic opening. "For China to become a modernized nation, then it absolutely cannot continue to follow the convention of confining the people's enthusiasm and vitality," it said.

The latest petition, signed May 30 by Zhang and nine others, demanded the release of another labor union activist Wang Miaogen, who was committed to a mental hospital by the authorities April 27. The petition, addressed to Qiao Shi, the speaker of China's parliament, alleged that before being sent to hospital, Wang, 41, was beaten up by police on several occasions. Police kicked him in the head, tied him up and gagged him with a sock, it said. It said Wang was confined to the hospital and refused visitors. Wang, the petition added, was of sound mind and had earlier been certified as such by two mental institutions.

Zhang 'Released on Bail'*HK0406111693 Hong Kong AFP in English 1053 GMT 4 Jun 93*

[By William Brent]

[Excerpt] Beijing, June 4 (AFP)—The Chinese authorities prevented pro-democracy activists in Shanghai from commemorating the 1989 Tiananmen Square crackdown Friday, detaining the organizer for 24 hours and ordering him not to leave the city. Meanwhile, at least four Shanghai activists were arrested last month as part of a crackdown on dissidents in the run-up to the crackdown's anniversary.

Zhang Xianliang, 48, a veteran pro-democracy activist, was detained Thursday, a day before he and more than 30 other dissidents planned to meet in People's Park in the heart of Shanghai, the dissident said by telephone.

Zhang was released after being held for 24 hours in Shanghai's No. 1 Detention Center, where he was questioned by policeman on the increasingly active pro-democracy movement in China's largest city. Police told Zhang that they had visited the other activists and warned them not to participate in the memorial activity.

Zhang was also informed that he was being released on bail and was barred from leaving Shanghai without prior police approval. His daughter would be held responsible if he violated the ban, the police told him.

"I asked the police why we weren't allowed to meet on June 4 to express our views. This is our democratic right," Zhang said. "I'm willing to pay the price for that right."

Zhang is a veteran of the 1978 Democracy Wall movement in Beijing, during which he wrote numerous essays in favor of more democracy. He was later jailed for five years for his activities, but the dissident vowed Friday to "continue to strive for democracy" in China. "We are demanding freedom of speech, freedom of the press, the guarantee of human rights, the release of all prisoners held for political reasons and general elections," he said. [passage omitted]

Dissident Qian Jiaju Active in Shenzhen

HK0306032393 Hong Kong SOUTH CHINA MORNING POST in English 3 Jun 93 p 11

[By Willy Wo-lap Lam]

[Text] Dissident economist Qian Jiaju has resettled in the mainland on "a half-time basis".

The outspoken academic, who left China for the United States one month before the Tiananmen Square crackdown, said in Hong Kong yesterday he would divide his time between the territory and Shenzhen.

The 81-year-old economist said he had just returned from a two-week trip to the Special Economic Zone, where he lived before going into exile.

A personal friend of the Communist Party's founders, Mr Qian was kicked out of the Chinese People's Political Consultative Conference (CPPCC) in 1991 for expressing dissenting views on Beijing's handling of the 1989 democracy movement.

"I am not in any political trouble and I did not have any worries about returning to Shenzhen," Mr Qian said.

The economist denied speculation he might soon be making a trip to Beijing, where he had been based until the mid-1980s.

"I have no desire to go to Beijing and this has nothing to do with qualms (about political matters)," he said.

He added he had no interest in rejoining the CPPCC, hinting he would stay away from Chinese politics.

Sources in Shenzhen said Mr Qian, who enjoys an excellent relationship with local officials and entrepreneurs, was given a warm welcome in the zone.

Last month, he was made an honorary president of the Association for the Promotion of Culture in the Asian-Pacific Region, a research body founded by large Shenzhen companies.

"I shall go on writing articles for the Hong Kong press," said Mr Qian, referring to the columns he began in local Chinese-language papers four years ago.

The autobiography of the economist, who has permanent residence status in the U.S., will be published by the China Times group of Taiwan this month.

Meanwhile, more than 50 former activists of the 1989 movement have begun a conference in Princeton to discuss the possibility of returning to China.

Participants included such Tiananmen Square activists as Chai Ling, Li Lu, Shen Tong and Zhang Langlang.

"There is a lively debate among us as to the conditions under which we may go back to China," Mr Zhang said yesterday.

"Some indicated Beijing must first overturn the verdict on the June 4 massacre, while others said it was alright for the issue to be shelved and that a dialogue should begin with the communist authorities soon."

The dissidents, who reiterated they had no intention of toppling the Beijing administration, are due to issue a statement about their future relationship with Beijing today.

Legal System Too 'Weak' To Stop 'Catastrophe'

HK0406023693 Hong Kong SOUTH CHINA MORNING POST in English 4 Jun 93 p 10

["Comment" by Zhang Weiguo, former Beijing bureau chief of WORLD ECONOMIC HERALD]

[Text] China's legal system still falls way too short of being able to stop a catastrophe like the Cultural Revolution from recurring.

This is despite efforts since the late 1970s to draft civil and criminal laws and to promote education in "democracy and the legal system". Guarantees of democracy, freedom and human rights are very weak. Otherwise how could there have been the 1989 "June 4 incident", in which so many Chinese citizens, myself included, were victimised?

Following the bloodshed in Beijing, I was arrested in Shanghai by the Public Security Bureau on June 20, 1989. The police produced a certificate for detention and investigation. The certificate did not say what crimes I had committed, only that the Ministry of Public Security had issued an arrest warrant. I refused to put my signature on that document. I am a journalist, but I am also a qualified lawyer. I was fully aware that I had done nothing impermissible by Chinese law. Instead, I asked

three questions of those state agents: Show me the warrant from the Ministry of Public Security, indicate the evidence that led to their actions, and inform me of which category of the penal code I was suspected of having offended.

The officer told me it was an internal warrant and it was not supposed to be made public or to be shown to the suspect. "I don't care if it's internal," I answered. "An essential attribute of law is its openness. If even the warrant cannot be made public, it would be within my right to question and reject its legality."

Moreover, I tried to remind them that a major principle of a sound legal system was the "burden of proof". Since the state had issued an arrest warrant, it must have come up with a charge and evidence. Their response was an outburst of rage. They declared, without producing any document, that I was actually suspected of "counter-revolutionary instigation and propaganda". But what, after all, was their evidence, I asked. "That's precisely what we want to interrogate you about," they announced.

I told them they were repeating the Cultural Revolution practice of locking up people on trumped-up charges. The politically motivated investigations after Tiananmen, in which thousands of individuals were wrongly charged and persecuted, has perhaps had even more devastating consequences than the Cultural Revolution.

During my detention, the public security personnel never stopped chiding me: "Every citizen has the obligation to submit to detention and investigation." The implication was clear: They would be just as free to strip every citizen of his freedom in the name of "detention and investigation" even when they did not have a shred of evidence. In fact, the legal basis of my detention and subsequent investigation is extremely shaky. It is a mere "administrative regulation" stipulated by the State Council.

A fundamental legal tenet is that whenever administrative regulations are in conflict with basic laws passed by the National People's Congress, the latter shall prevail. This principle is often turned upside down and administrative regulations supplant the laws. Those who wield executive power tend to regard laws as decorative—and not as legally binding as the administrative regulations.

The regulation on "detention and investigation" was originally meant to be a supplementary measure necessary only when the public security authorities were unable to complete the investigation of a case within the time limit required by regular laws. It was meant to be applied to suspects with unknown identities or places of residence. This regulation has been abused on a daily basis.

Even more serious is the absence of a statutory time limit for "detention and investigation". I was detained for investigation in June 1989 and "formally arrested" six months later. At the Shanghai detention centre, I came across detainees who had been there for more than three years. The central government's regulation on "detention and investigation" should be repealed.

The Chinese penal code has specified the time within which a detainee must be brought to trial after his arrest. In my case, almost 14 months elapsed before I was released. The Shanghai Procuratorate announced on February 12, 1991, that my activities as a journalist had not amounted to a "counter-revolutionary" crime.

But there is nothing I can do to bring those who abused the law to justice.

'Instruction' Urges Reducing 'Critical Reports'

HK0406110393 Hong Kong MING PAO in Chinese
4 Jun 93 p 9

[Report by special correspondent Liang Hsiao-tien (2733 2556 1131)]

[Text] According to a source on the mainland, the concerned department of the CPC Central Committee recently issued an instruction to the central and local official mass media and cultural and propaganda institutions urging them not to "do a disservice to" central work by making use of the current effort to solve deep-seated problems through reform in their publicity work as the present economic situation is grim and reform deepens gradually. The instruction called for a reduction in critical reports of a negative nature.

It has been reported that the instruction on external publicity work urges localities to strengthen leadership and management of external publicity work to prevent "people with ulterior motives" inside and outside the borders from attacking China's existing system and government by capitalizing on current domestic problems.

The instruction points out: All media units must pay particular attention to avoid "making an issue of" reports about deep-seated problems currently cropping up in the course of deepening reform while doing publicity work.

The deep-seated problems referred to by the instruction include the national financial situation; the start of the release of inflationary pressures; the expansion this year of self-funded education, construction, fund raising, and resettlement of immigrants from the Three Gorges Water Conservancy Project; and price rises for such basic daily necessities as grain, edible oils, and nonstaple foods. The instructions urged strictly guarding against people inside and outside the borders inciting the people by using these issues.

The instruction also states: Because of drought and other natural disasters, it is a foregone conclusion that agricultural output will drop this year. This will have a certain negative impact on the economic situation and the deepening of reform this year. The Central Committee urges all propaganda units on the mainland to pay attention to their "reports," and, instead of "presenting a false picture of peace and prosperity," squarely face and admit problems cropping up in the course of reform, such as giving peasants "IOU certificates" and

increasing burdens on them. The crucial point is not to "give people a handle" with which to attack us.

As far as future economic and publicity work is concerned, the instruction states: In doing economic work in the days ahead, people from central and local authorities should persist in "seeking truth from facts" and "doing things within one's capability" rather than "craving for greatness and success" and seeking "honor and rank," thus making things unbearable for financial and natural resources and the enthusiasm of the masses.

The instruction explicitly requires that more stress should be laid on achievements in external publicity work, critical reports should be put under strict control, and all media institutions should not "do disservice to" the central authorities.

The internal instruction also mentions the UN human rights conference, which is to be held in Shanghai, and U.S. President Bill Clinton's conditional renewal of China's most favored nation [MFN] status. China is ready to send two delegations, official and nongovernmental, to the conference. At the conference, China will speak as the representative of the Third World and will counterattack the West's policy of interfering in other states' internal affairs using human rights issues.

On the U.S. conditional renewal of China's MFN, the instruction states: With regard to Clinton's conditional renewal of China's MFN treatment, the Central Committee maintains that "this is a struggle" and urges mass media on the mainland to send a clear message in external publicity work: This will harm both China and the United States.

Deng Cautions on 'Theoretical' Disputes

HK0406035593 Hong Kong SOUTH CHINA MORNING POST in English 4 Jun 93 p 9

[Report by Willy Wo-lap Lam]

[Text] Patriarch Deng Xiaoping has laid down instructions on how to maintain stability after his death.

And profiting from the eclipse of Prime Minister Li Peng, President Jiang Zemin has bolstered his position as first among equals within the post-Deng leadership.

According to today's issue of the Chinese-affiliated journal THE MIRROR [CHING PAO], Mr Deng has asked his followers to concentrate on economic construction and not be bogged down by ideological quarrels. "Staying away from (theoretical) controversies is beneficial towards stability and towards concentrating on the economy," the patriarch reportedly said. "Whoever sows seeds of dissension over ideological matters will be shoved aside." Mr Deng added that even after the octogenarians had died, "controversies should be avoided over certain questions".

Chinese sources said the patriarch was worried that conservative leaders might gain ground by arguing that

his reform policies went against socialism and would lead to inflationary, unbalanced growth. They said that Mr Deng, 88, suffered a stroke last August and that during a tour of Shanghai in January, he tripped and hurt himself badly. "Deng is devoting his last days to preventing the central planners from seizing power," a source said. "This may have to do with his decision to sideline Li Peng and to boost the position of Jiang Zemin and (Vice-Premier) Zhu Rongji."

Diplomats in Beijing said Mr Jiang had taken on responsibilities handled by Mr Li. They said a key strategy of Mr Jiang was to establish himself as the interpreter of Deng Thought. Sources in Shanghai said that under Mr Jiang's aegis, specialists in ideology and propaganda in the city had organized a series of seminars on Mr Deng's thinking. Organizing units were led by the municipal Propaganda Department and the Shanghai branch of the Chinese Academy of Social Sciences.

"The research into Deng Thought by Shanghai (scholars) involves areas including politics, economics, philosophy, literature, history, and society and morals," the China News Service (CNS) reported last night. CNS quoted the Vice Party Secretary of Shanghai, Chen Zili, as urging the ideologues to "raise to a higher level their work in studying, researching, and making propaganda about" Deng Thought.

A political source in Beijing said Mr Jiang was building up a sizeable "personality cult" of his own. Mr Jiang's aides, including the head of the General Office of the party Central Committee, Zeng Qinghong, had instructed the media to prominently display speeches or interviews given by the President.

Shanghai Intensifies Study of Deng's Theories

HK0406034893 Beijing ZHONGGUO XINWEN SHE in Chinese 1307 GMT 3 Jun 93

[Report: "Shanghai Theoretical Circles Intensify Study of Deng Xiaoping's Theories"]

[Text] Shanghai, 3 Jun (ZHONGGUO XINWEN SHE)—Since the 14th party congress, Shanghai theoretical circles have intensified study of Deng Xiaoping's theories and published a number of articles on research into Deng Xiaoping's theories.

The Shanghai Municipal CPC Committee Propaganda Department and Shanghai Academy of Social Sciences recently held a meeting to exchange experiences in studying Deng Xiaoping's theory of building socialism with Chinese characteristics. Jin Binghua, head of the propaganda department, said that Shanghai theoretical circles should strive to meet the needs of reform, opening up, and the deepened development of socialist modernization construction, and that they should ceaselessly produce new results, reach new levels, and make new contributions. Chen Zhili, deputy secretary of the municipal party committee, hoped that Shanghai theoretical circles would continue to work hard; consider

actual conditions; carry out thorough research; work solidly; and bring to a new level Shanghai's work in learning, studying, and publicizing Deng Xiaoping's theory of building socialism with Chinese characteristics.

The relevant articles recently published in Shanghai include: "The Epoch-Making and Innovative Nature of Deng Xiaoping's Theories," "The Spiritual Essence of Deng Xiaoping's Theories," "Grasp the Basic Problem of Productive Forces," "Step Up the Effort to Establish and Perfect Socialist Market Economy System," "Comrade Deng Xiaoping's 'Opportunity Theory' Is Innovative Use of Historical Materialism," "Comrade Deng Xiaoping's Contributions to China's Socialist Modernization From the Perspective of Comparative Studies on Modernizations," "On Comrade Deng Xiaoping's Thinking [si xiang 1835 1927] of 'Doing Two Kinds of Work Simultaneously,'" and so on.

The participants in the meeting held that Deng Xiaoping's theory of building socialism with Chinese characteristics has, on a new plane, integrated Marxism with the actual conditions of socialist modernization construction in China; thus it becomes a strong ideological weapon guiding China's reform, opening up, and modernization construction. In light of this, the municipal party committee has repeatedly organized and asked theoretical workers to seriously study this theory, and stressed that studying and publicizing this theory is an unshirkable duty for theoretical workers and that theoretical circles should make their own contributions in this regard. According to information, Shanghai's studies on Deng Xiaoping's theories [li lun 3810 6158] involve areas such as politics, economics, philosophy, literature, history, and social ethics.

Zhu Rongji Returns to Beijing Following Trip

OW0406041293 Beijing XINHUA in English
0231 GMT 4 Jun 93

[Text] Beijing, June 4 (XINHUA)—Chinese Vice-Premier Zhu Rongji returned here this morning, concluding his official visit to Canada, Mexico and Brazil.

Among those greeting Zhu at the airport were State Councillor and Secretary General of the State Council Luo Gan, Vice Foreign Minister Tian Zengpei and the diplomatic envoys of the three countries in China.

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Science & Technology

Li Peng Donates 1,000 Yuan to Environmental Fund

HK0406122093 Beijing ZHONGGUO XINWEN SHE
in Chinese 1103 GMT 4 Jun 93

[Text] Beijing, 4 Jun (ZHONGGUO XINWEN SHE)—Before the "5 June" World Environment Day, State Council Premier Li Peng donated 1,000 yuan in his own name to the China Environmental Fund to express his support for China's environmental cause.

Li Peng also wrote an inscription for it, which read: "Current efforts will yield centuries of advantages."

The China Environmental Protection Fund was established in Beijing in April this year, with Qu Geping as chairman. Since its establishment, the fund has received more than 4 million yuan in donations from donors inside and outside China.

Li Peng has always been concerned about China's environmental protection. He was the first director of the State Council's Environmental Protection Commission. Under his charge and leadership, the State Council

promulgated a number of policies and regulations on environmental protection and formulated a series of measures and systems for environmental protection. In 1987, the UN Environment Program conferred on Premier Li Peng a gold medal for environmental protection in recognition of his remarkable contributions to China's environmental protection.

Environmental Protection Legislation Strengthened

OW0406085593 Beijing XINHUA in English 0825
GMT 4 Jun 93

[Text] Hangzhou, June 4 (XINHUA)—China has been strengthening environmental protection legislation over the past 20 years, an official said here at a recent conference on acid rain control.

China has drafted and publicized more than 100 laws and regulations concerning environmental protection since it held the first working conference on environmental protection in 1973, according to Wang Yangzu, vice-director of the State Bureau of Environmental Protection.

So far the National People's Congress and its Standing Committee, the highest power organs in China, have passed and publicized Law on Environmental Protection, Law on the Prevention and Control of Water Pollution, Law on the Prevention and Treatment of Air Pollution and Law on the Marine Environmental Protection.

Governments of various provinces, autonomous regions and municipalities have also worked out local rules and regulations on environmental protection.

So far the State Council has stipulated and declared more than 200 standards on environmental protection with reference to international standards.

Over the past 10 years, the output value of marine economy has quadrupled in the coastal areas of the country thanks to the well-protected environment in coastal waters.

Wang Bingqian Opens Youth Environmental Forum

OW0306125993 Beijing XINHUA in English 1248
GMT 3 Jun 93

[Text] Beijing, June 3 (XINHUA)—About 400 Chinese environmentalists gathered at the Great Hall of the People here today, marking the beginning of the first meeting of the Chinese youth forum on the environment.

Most of the participants in the non-governmental forum, which has been supported by the All-China Youth Federation and the State Administration of Environmental Protection, are young Chinese researchers and government officials in their 20s and early 30s.

The conference is the first large and comprehensive academic gathering of youth in the history of China's environmental protection, organizers said.

Addressing the opening session of the forum, Wang Bingqian, vice-chairman of the Standing Committee of the National People's Congress, said that the forum would eventually bring more Chinese youth into action for the protection of the environment.

According to the United Nations Environmental Program (UNEP), the population of young Chinese between 14 and 28 has reached 300 million, larger than the entire population in the United States and Canada.

"As the largest youth group in the world, Chinese youth are not only shouldering the historical mission of realizing China's modernization but also have to make their due contributions to easing the contradictions between economic development and environmental protection and to solving the environmental problems in China and in the world," said 29-year-old Luo Jianhua, one of the organizers of the forum.

According to Luo, the forum has received 360 papers for the meeting. "Most of the articles are about flashpoints of global environmental problems as well as problems associated with the high rate of development of the Chinese economy," he said.

Organizers at today's meeting distributed three documents including "Environmental Action of Chinese Youth for the 21st Century," "Green Declaration of Chinese Youth," and "Policy Proposals for Environmental Protection Under the Market Economy."

Ecologist Wang Yi, 30, one of the authors of the documents, said that four major problems such as environmental pollution, damage of the ecosystem, shortages of resources and overpopulation are handicapping China's sustainable economic and social development. "China must make a quick shift from the traditional path of development to a path of sustainable development," he said.

At today's meeting, participants called on the youth of the country to set up all kinds of youth environmental protection groups and put forward their specific plans for environmental protection and control of environmental problems.

According to organizers of the meeting, in order to sustain the action, a coordinating group of the Chinese youth forum on the environment will be set up after the meeting. The group will be responsible for formulating follow-up action programs, promoting exchange of information, organizing cooperative research, coordinating academic practices and raising funds.

Ms. Elizabeth Dowdeswell, executive director of UNEP, sent a congratulatory letter to the forum, saying that involvement and active participation of Chinese youth

in the environment and decision-making processes will set a worthy example for other developing countries to follow.

Officials Warn on Rural Environmental Pollution

HK0306093093 Beijing CHINA DAILY in English 3
Jun 93 p 1

[Report by staff reporter Wang Yonghong: "Warning Is Sounded on Rural Pollution"]

[Text] Top agricultural officials yesterday urged governments at all levels to work together to halt the deterioration of China's rural environment.

"More than 10 million hectares of farmland in the country have been polluted to different extents, resulting in a loss of 12 billion kilograms of grain every year," Vice Agricultural Minister Hong Fuzeng said at a press conference in Beijing.

From 1989 to 1992, 3,000 to 3,500 serious pollution cases occurred in China, and 60 to 80 percent of them caused about 1 billion yuan (\$175 million) in losses to farming, fishery and animal husbandry.

"Immediate and strict measures must be used by the central and local governments to keep a cleaner environment for China's agriculture, which feeds about 1.2 billion people," Hong said.

The news conference was held to mark World Environment Day tomorrow and was attended by the heads of the ministry's departments of fishery, animal husbandry and township enterprises.

Of the 10 million hectares of polluted farmland, 3.3 million hectares were contaminated by filthy water 5.3 million hectares by foul air, and 900,000 hectares by solid waste and other pollutants. China has 96 million hectares of arable land, or 0.0866 hectares per person.

At the same time, Hong said, the shortage of farmland is becoming worse as more acreage is lost to mushrooming "development zones."

According to rough estimates, more than 2,700 development zones of various kinds were set up last year across the country, encompassing over 733,330 hectares. More than 80 percent was farmland.

Statistics from Hong's ministry show that more than 90 million hectares of grassland, one-third of the country's total, have been damaged and over the past 25 years an average 1,560 square kilometres of land become desert each year.

According to Zhuo Youzhan, Director-General of the Bureau of Fishery and Fishing Port Superintendency, the offshore environment has been deteriorating just as fast.

About 82 percent of the country's rivers and lakes have become fouled to one degree or another, and fish and shrimp have disappeared along more than 2,800 kilometres of waterways.

What contamination has extended from waterway outlets and beaches out into the coastal waters, causing frequent recurrences of red tide, according to Zhuo.

Every year more than 200,000 tons of fish, shrimp and shellfish die from pollution, with economic losses in the billions of yuan, he said.

Such pollution severely hinders the development of fisheries and even threatens people's health, Zhuo said.

Excessive fishing by Chinese fishermen and illegal harvesting by foreign fishing vessels in recent years has also reduced fishery resources, said Zhuo.

The officials pointed out that although most major pollutants originate in cities and industrial enterprises, pollution caused by the proliferating rural enterprises and the widespread use of crop pesticides, chemical fertilizers and farm-use films should not be neglected.

Ministry Promises Increase in Nature Reserves

HK0306091093 Beijing CHINA DAILY in English 3
Jun 93 p 3

[By staff reporter Wang Yonghong: "Nature Reserves To Number 1,000 Soon"]

[Text] To further protect wildlife and plants, China has decided to increase to 1,000 from a little over 700 the number of its nature reserves by the year 2000, according to an official from the Ministry of Forestry.

"By then, nearly all of China's rare and endemic wildlife, species and ecological systems will be put under protection in these reserves, of which 200 will be at State level," said Jiang Hong, director-general of the Department of the Protection of Wildlife, Woods and Plants under the Ministry of Forestry, yesterday.

By the end of 1992, China had established 708 nature reserves, which cover 56 million hectares, 5.6 percent of the country's territory, according to the official.

And 77 reserves at State level were set up by the central government, such as Wolong in Sichuan Province, Changbai Mountain in Northeast China, and Xishuangbanna in Yunnan Province.

These State-level reserves serve as models for the country and have been playing a substantial and leading role in environmental conservation, said Jiang.

At the same time, 631 regional reserves have been established by local governments around the country, according to the official.

"The establishment of reserves has yielded agreeable ecological, social and economic results with multiple

purposes for ecological protection, environmental improvement, research, breeding, sightseeing and international co-operation," said the official.

For the protection of giant pandas, 13 special reserves were set up in the provinces of Sichuan, Shaanxi and Gansu. Only about 1,000 pandas still exist in China.

And more than 70 wetland reserves have been built across the country. These provide safe habitats for rare birds, such as the red-crowned crane and the white crane.

Recently, the Ministry of Forestry decided to build the Qiangtang area in the northern part of Tibet into the biggest zoo in the world for animals living in the highlands.

As a result, the Qiangtang reserve and the existing such reserve in Aierjin Mountain in Xinjiang Uygur Autonomous Region will be China's largest reserves. They will cover 28 million hectares and protect more than 60 wildlife species, such as the yak, antelope, snow leopard, and brown bear.

According to the official, the co-operation on conservation with foreign countries and international organizations has seen a rapid growth in recent years.

Up to now, China has acceded to four key international pacts on conservation and nine reserves have been listed in the nature reserve network of the International Man and Biosphere Programme.

And six key wetland nature reserves have been listed in the inventory of world wetlands.

Jiang said that China would accelerate the establishment of nature reserves as its economic strength grows.

China began establishing nature reserves as early as 1956, but only 57 were a reality by 1979 across the country.

Since the beginning of the reform and opening up policy, China, one of the countries in the world with the most variety of wildlife and plants, has accelerated the conservation of wild animals and natural resources while speeding up the establishment of nature reserves.

Song Jian on Catching Up in Science, Technology

OW0306140293 Beijing XINHUA Domestic Service in Chinese 1017 GMT 31 May 93

[By reporters Li Xiguang (2621 1585 0342) and Tang Hong (0781 5725)]

[Text] Beijing, 31 May (XINHUA)—Song Jian, state councillor and minister in charge of the State Science and Technology Commission, said today that, if China makes efforts to double its investment in scientific research and development from now to the end of this century, the most important area of science and technology will come even closer to the advanced world level by that time.

Song Jian made the statement while addressing the second congress of the Federation of Retired Scientists and Technicians Unions—a meeting which closed here today.

Song Jian said: The principle governing China's scientific and technological development during the 1990's is: On the one hand, we must strive to intensify basic research, including basic science and technology research and research on how to serve major industrial and agricultural projects and social science studies. At the same time, we must continue to deepen reform so that we can contribute to the establishment of a socialist market economic system through decontrolling and enlivening technological development, as well as scientific and technical services. Song Jian maintained that, in order to establish a socialist market economic system in China, a large number of scientists and technicians, including the best ones, must work in the market to help it transform the traditional industries and establish high-tech industries, as well as to demonstrate their capabilities within economic spheres in the world.

Song Jian added that China's new policy for scientific and technological development can be observed from the autonomy which 100 science and technology research institutes, as well as the Qinghua University, the Nanjing University and many other universities, have acquired in handling their foreign trade.

At today's meeting, Wu Jieping, vice chairman of the National People's Congress Standing Committee and a renowned scientist, was elected the new president of the Federation of Retired Scientists and Technicians Unions.

CCTV To Air Computer Technology Teaching Program

OW2805062393 Beijing XINHUA Domestic Service in Chinese 0823 GMT 26 May 93

[Text] Beijing, 26 May (XINHUA)—Beginning on 29 May, the China Central Television Station [CCTV] will initiate the nationwide broadcast of a program teaching five-stroke-character computer technology. It will be hosted by Professor Wang Yongmin, the inventor of the technology.

According to an announcement in Beijing today, at a ceremony marking the inauguration of the televised teaching program and the publication of supplementary teaching materials, more than 90 percent of computer users in China have now adopted "five-stroke-character" technology. By broadcasting the teaching program, we can accelerate our country's adoption of Chinese-language computers, and teach the young people—elementary and middle-school students in particular—how to master the latest computer-programming procedures in their early years. This will have a profound influence on people in all sectors of society who want to further master word processing skills in the information age.

The supplementary teaching materials were compiled and written by Professor Wang Yongmin based on his 15 years of experience in studying and popularizing five-stroke-character computer technology. The book containing these materials was published by the China Science and Technology Publishing House. Using both illustrations and text, it introduces the principles and learning methods associated with "five-stroke-character" technology in a detailed and concrete way. People with educational backgrounds at or above middle-school level can use the book to teach themselves five-stroke-character computer technology.

Military

Military Conducting 'Large-Scale' Training

HK0406030993 Hong Kong WEN WEI PO in Chinese
3 Jun 93 p 2

[Dispatch by staff reporter Chen Chien-ping (7115 1696 1627): "China Conducts Large-Scale Troop Training To Raise Modernization Level, Increase Combat Effectiveness"]

[Text] Beijing, 2 Jun (WEN WEI PO)—Recently, the Central Television news network has frequently broadcast footage of paramount leaders from the new Central Military Commission personally inspecting joint training grounds for the three armed services, the naval fleet, and air bases. As a matter of fact, the short scenes reflected that, since this spring, the center of China's army building has accomplished a large-scale policy-level readjustment.

Under the prerequisite of disarmament, with the improvement of combat effectiveness as the focus, an upsurge in large-scale troop training has been initiated throughout the Army. Large-scale camp and field training, which had not been seen for many years, is also being vigorously conducted.

According to a military source, after its formation, the new Central Military Commission unequivocally advocated that military training during peacetime is the only way to maintain and improve the Army's combat effectiveness and this, and absolutely no other, is also the central task of army building. The highest echelon of the military commission specifically pointed out: Any form of interference with military training will, in reality, hinder the improvement of the Army's combat effectiveness and will be contrary to the criteria for combat effectiveness. In particular, because world military powers treat modern localized warfare under the conditions of high science and technology as a major form of warfare, we, confronted with this situation, must maintain and improve the Army's combat effectiveness. Only when the Chinese Army catches up with the highest standards can we narrow the gap as early as possible; and only in this way can we bring our superiority into play and win any anti-aggression war which will possibly break out in the future.

The source said: Although the so-called "China threat" thesis has been put forward in the world, the Central Military Commission remains sober-minded towards our Army's status quo. As a matter of fact, since our country's comprehensive national strength is not strong and the standard of our scientific and technological industry is still unchanged, the current standard of the Chinese Army's weaponry remains low and China does not have sufficient military expenditure. In comparison, other world military powers have a far superior basis of military modernization than the Chinese Army. Moreover, they continuously make development breakthroughs at a far more rapid pace than the Chinese Army; even our neighboring countries are rapidly developing their military strength. Hence, the gap will become bigger and bigger if the Chinese Army does not catch up with the advanced standards at a fast pace. Confronted with this kind of competitive situation, and under the circumstances whereby the Chinese Army's modern equipment cannot be thoroughly revamped within a short period of time, the senior hierarchy of the Central Military Commission holds that one of the most effective ways for the Chinese Army to catch up with the advanced standards within a certain period is to strive to improve the modernized scientific and technological knowledge of officers and men and to raise the standard of modern warfare, thus improving the modernized quality of the whole Army. The major policy decision whereby the Chinese Army must vigorously strengthen military training was also worked out under a general background.

In addition, the Central Military Commission has decided to devote major efforts to training those active servicemen who enlisted in the Army at the end of the 1960's and beginning of the 1970's, who now hold the military posts at regiment and division levels, treating them as the nucleus of the Chinese Army to be carried over to the next century. The Central Military Commission held that this group of servicemen have personal understanding and experience of China's national conditions and military situation.

The source said: The large-scale camp and field training which is being conducted at present, has not been seen before in the history of the Chinese Army. Whether it is in terms of a regiment, a division, a military region, or even an army unit put into the training, the scale is the largest compared with the past. As far as the types of training are concerned, these largely include electronic warfare, emergency deployment of rapid reaction forces, attack and defense of mountainous areas, attack and defense of urban areas, air raids and anti-air combat, and disembarkation and anti-disembarkation tactics.

Military Enterprises To Attend Trade Fair

OW0406063293 Beijing XINHUA in English 0603
GMT 4 Jun 93

[Text] Beijing, June 4 (XINHUA)—China's military industrial enterprises will attend the 1993 Hong Kong international fair to be held next month with civilian goods they have produced.

The fair is sponsored jointly by the China Association for Peaceful Use of Military Technology and a body of the United Nations.

China's military industrial enterprises will display such products at the fair as medicines, medical instruments, garments, shoes, caps and hats, machinery, chemicals, electronics and building materials.

According to statistics, the proportion of the gross output of civilian products produced by the military industrial enterprises rose from 60 percent in 1989 to 80 percent of their total output value last year.

During the 1985-90 period, the military logistic departments transferred more than 3,000 items of scientific and technical research findings to localities for civilian use.

Guangdong Official on Frontier Defense Operations

HK0106112893 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 30 May 93

[Text] Chen Shaoji, Standing Committee member of the provincial party committee, called on officers and men of the Guangdong frontier guards today. During his visit he stressed the need to deepen reform of frontier defenses to render better service to Guangdong's drive for modernization.

Chen Shaoji indicated: The seventh provincial party congress has called for efforts to bring about an all-positioned opening up; attach simultaneous attention to development on land, sea, and in the air; link Guangdong with the world through more channels; seize greater initiative to take part in international competition; and directly realize convergence between Guangdong's economic activities and international markets. The implementation of all these measures will undoubtedly add to the weight of tasks shouldered by our frontier guards.

Chen Shaoji urged Guangdong's frontier guards to act in line with the changing demands of the situation, continue exploring new ways of reform, give persistent service to reform and opening up in more fields, try hard to enhance the efficiency and quality of their work, and make due contributions to Guangdong's economic development and modernization drive.

Economic & Agricultural

State Council: Securities Law Drafting 'Postponed'

HK0306152693 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1325 GMT 2 Jun 93

[Text] Beijing, 2 Jun (ZHONGGUO TONGXUN SHE)—Yang Jingyu, director of the State Council Bureau of Legislative Affairs, revealed a few days ago that the formulation of the "securities law" has been postponed.

What is now being drafted is an "interim regulation on managing the issuance and trading of stocks." And he believes that the regulations should be put into practice for some time and the experience summed up before being upgraded into law.

He said there are no real-life precedents in China of taking over another firm by buying its stocks. This, and other related matters, will all be practiced and the experience summed up in the future.

Economist Li Yining Views Causes of Inflation

HK0406101093 Hong Kong WEN WEI PO in Chinese 3 Jun 93 p 2

[Report: "Li Yining Says China's Inflation Is Chiefly Caused by Excessive Scale of Investment"]

[Text] Yesterday, Li Yining, a professor at Beijing University, gave a speech at a symposium held by Hong Kong's Lingnan College. He pointed out that the current inflation problem in China is mainly caused by the excessive scale of investment and by the price adjustment factor. While undergoing high-speed economic growth, all countries and regions encounter similar problems. As long as the authorities control the situation properly, it is thought that economic and political difficulties similar to those in 1989 will not recur.

Li Yining said: In the first quarter of this year, China recorded an economic growth rate of about 14 percent, while the inflation rate was about 8 percent. People may have different opinions on whether the inflation rate is too high. The average annual growth rate of Japan in its period of 10-year rapid growth was about 10 percent, while the inflation rate during the same period was about 6 percent; Taiwan's average annual growth rate in the 1980's was about 10 percent, and the inflation rate stood at 7 percent, so the inflation rate in China should not be regarded as too high. He said: As long as the 1989 situation, when economic growth was 4 percent against 17.5 percent inflation, is prevented and the economic growth rate is kept higher than inflation, it is thought that inflation will not affect China's economic development too much.

Li Yining pointed out: The excessive scale of investment was mainly caused by the imperfections of economic structural reform and by the remnants of the previous planned economy. In a market economy, investors must bear all investment risks; however, in China at present, investment risks are still mostly undertaken by the state, because although the power to make investment decisions has been delegated to localities and enterprises, the final bearer of risk remains the state. As a result, similar projects were started by various institutional investors and caused duplicated construction. This has also resulted in a sharp increase in money supply.

On the other hand, the fact that reform of the financial system has lagged behind reform of the economic structure was also a major cause of the excessive scale of

investment. In this connection, the key issue is that the central bank must operate independently, and the specialized banks must be turned into profitable enterprises. Otherwise, if there is just a devolution of credit management power but the central bank still has to make up for deficits incurred by the Ministry of Finance, then excessive investment will continue to occur.

He said: In the course of deepening reform, the central bank can adopt various regulatory measures, such as controlling interest rates and the money supply, and can adopt necessary administrative measures as a supplement to control inflation to an acceptable degree. As long as such controls are appropriate, they will not obstruct China's further economic development.

Guangdong Economist Views Devaluation of Yuan

HK0406090693 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0741 GMT 3 Jun 93

[By reporter Mai Shilong (7796 5535 7893)]

[Text] Hong Kong, 3 Jun (ZHONGGUO TONGXUN SHE)—Recently, the yuan has been devalued considerably, and, moreover, a few days ago, financial authorities on the mainland announced the lifting of controls over guided yuan exchange rate, allowing the swap rate to come closer to its black market rate. Zheng Yanchao, a research fellow at the Guangdong Provincial Academy of Social Sciences Economic Research Institute, said that devaluation of the yuan is inevitable and not a bad thing. He predicted that the official rate will be adjusted at the end of the year.

Interviewed by this reporter, Zheng Yanchao pointed out: There are many factors in favor of the inevitable devaluation of the yuan. First, devaluation is a general law for a developing country heading for medium-developed or developed-country status. The mainland is at a point where it is heading from the closed door to an open door, from a planned economy to a market economy, and from an undeveloped country to a medium-developed country, so devaluation of its currency is inevitable. Second, judging from reality, changes in the unofficial exchange rate between the yuan and foreign currencies and in commodity price indexes show that devaluation of the yuan objectively exists and is independent of man's will. Third, judging from development trends, two objective factors in favor of a further devaluation of the yuan will continue to exist for a fairly long time to come: namely, that on one hand, in order to support speedy economic growth, China is pumping large amounts of money into the market and prices are soaring, thereby increasing inflationary pressures; on the other hand, as China is gradually opening up in all areas and as its export-oriented economy is developing, growing demand for foreign exchange far exceeds growth in the supply of foreign exchange, which is leading to price increases in the foreign exchange market.

Zheng Yanchao maintains: Using the so-called "devaluation strategy" is conducive to attracting foreign capital

and will compel state-owned enterprises to shift from the home market to the international market. In fact, since reform and opening up, every adjustment in the exchange rate has been followed by an economic leap forward. This is sufficient proof that devaluation of the yuan is not a bad thing, but should be a good thing. The point is we must clarify the reason for devaluation, exclude the public's negative psychology about the devaluation of the yuan, and have good controls over the extent of the devaluation.

He added: In recent years, the mainland has adjusted its official exchange rate once every two to three years. The last adjustment took place at the end of 1991 before Deng Xiaoping's tour of southern China, and it is now 18 months on. Since China is opening up in all directions and since the mechanisms of the market economy are expanding rapidly, the rate on the foreign exchange market and the official rate are widening and will continue to widen. Zheng Yanchao predicts that the official exchange rate will be adjusted again around the end of this year, as this has been obviously signaled by the lifting of controls over the swap rate on this occasion.

Daily Carries Column on 'Economic Hot Spots'

Shortage of Funds Discussed

HK0406114393 Beijing RENMIN RIBAO in Chinese
22 May 93 p 2

["Random Talk on Economic Life" column by staff reporter Shi Mingshen (2457 2494 1957): "Why Is There a Serious Shortage of Funds?—Commenting on Current Economic Hot Spots"]

[Text]

I.

There has been an increasing shortage of funds in various localities since the beginning of 1993.

A certain commercial bank in South China has always supported other banks with funds in the past. But this year, everything changed. It sent senior management personnel to Beijing to investigate the possibility of obtaining funds. However, the reply from Beijing, a municipality well known for its abundant funds, was: We have no funds to supply.

In order to raise funds, a certain enterprise in a certain city in Jiangsu has tried every possible means, even writing to a reporter they had never met asking him to "help us solve our funding difficulties."

In the coastal province of Fujian, although banks there seem to be getting along quite well, government officials have already discovered the danger of funds shortage. Hence the order: No outflows of funds!

An agricultural bank in a city in Northeast China has stopped the issuance of all loans other than loans for

spring farming. A county branch of this bank has even closed its doors 30 times, the longest closure lasting 2 days.

In view of cash payment difficulties of some banks at the grass-roots level, the Industrial and Commercial Bank of China—the most powerful professional bank in our country—called an emergency meeting in Beijing a few days ago, which was attended by branch directors from various provinces and municipalities. They discussed measures to resolve the difficulties and decided the following “three ensures”: first, ensure banks’ cash payments; second, ensure funds for the procurement of agricultural and sideline products; and third, ensure funds needed by 44 major large and medium state-owned enterprises.

It seems that a shortage of funds does really exist. It is a big problem obstructing economic development.

II.

The serious shortage of funds this year is a result of the overloaded operation of bank credits over the past few years and low returns from funds used by enterprises, and overheated investments in extrabudgetary capital construction projects in various areas have acted as the fuse. Large numbers of party and government organizations have established economic entities, making a hole in funds. On the other hand, savings deposits, which are the main source of credit funds, have been falling. By the end of March, Zhejiang’s deposits had only increased by 153 million yuan compared with the beginning of the year. This was 4,876 million yuan less than the same period last year. In Jiangsu, Shandong, Shaanxi, Zhengzhou, Nanchang, and other provinces and cities, even deposits at big financial institutions, such as the industrial and commercial banks, agricultural banks, and credit cooperatives, have dropped.

Slow increases and drops in deposits are caused by the increasing and uninterrupted collection of funds in society. In 1992, some 83 billion yuan in securities, or 100 billion yuan in reality, were issued throughout the country. Enterprise bonds issued by Beijing Municipality alone were worth 1.667 billion yuan, which was a 346-percent increase over the previous year. In the first quarter of this year, Dandong’s 260 enterprises issued a total of 248 million yuan of securities, 156 million yuan more than the same period last year. The annual interest rate on most of the funds taken by the various localities is 20 to 30 percent, much higher than for savings deposits. They did attract a lot of idle funds. Enterprises complained that it was too difficult to obtain loans from banks. Although the interest rates for the funds collected from society were a bit higher, once well-selected projects were completed, they would be able to pay back both principal and interest. Recently, the People’s Bank and other relevant departments have repeatedly emphasized the strict enforcement of discipline. Improper fund collecting has been curbed to a certain extent. However, since the beginning of the second quarter, there has been

no obvious increase in savings deposits. The funds shortage in various areas has not improved.

III.

Recently, the banks have decided to increase their interest rates. In view of the new situation, increasing interest rates is a suitable choice. Interest rates reflect the price of funds. They are an important means of state regulation and control, which should be readjusted in accordance with changes in the economic construction environment and the relationship between supply and demand. Since 1979, China has attached comparatively greater attention to the role of interest rates as economic levers. The last readjustment was made in April 1991. At that time, interest rates on deposits and loans were reduced three times, which played a certain role in reducing burdens on enterprises and stimulating development of the consumer market. However, important changes have taken place in China’s economic situation over the past two years. In particular, since Comrade Deng Xiaoping’s important speeches during his south China tour last year, people at all levels throughout the country have more faith in developing the socialist market economy. China’s national economy has been developing at a comparatively high speed. In the first four months of this year, China’s economy further increased at high speed. GNP grew by 14.1 percent. At the same time, price increases also appeared again. The general retail price index increased by 8.6 percent compared with the same period last year. In 35 large and medium cities, the people’s cost of living increased by 15.7 percent. If interest rates remained unchanged under such conditions, this would have lagged behind the development of the situation. On one hand, it would encourage a distortion of enterprise operations and would make it easier for some enterprises to corner the capital goods market in order to benefit from price increases and low interest rates. On the other hand, ordinary people would have to suffer negative interest rates for a long time and depositors’ interests would be harmed, while enterprises obtaining the loans would benefit. Thus, the enthusiasm of vast numbers of city residents for savings deposits would be dampened and economic returns from enterprises using the funds could not be increased effectively.

If the interest rate was not increased appropriately, the impulsive expansion of investment by various localities and the increasing demands for fund from various enterprises could not be curbed. Moreover, because of comparatively low interest rates on deposits, large amounts of funds would flow from the banks. As a result, sources of bank credits would decrease, and this would affect the normal supply of productive funds to enterprises.

In order to strengthen macroeconomic regulation and control in monetary affairs, it is necessary to enable the People’s Bank to handle monetary affairs with more independence and to coordinate its relations with financial and planning departments, governments at various levels, and professional banks, so it can perform its

functions as a central bank independently and carry out activities by means of credit, interest rates, and other economic levers to regulate the economy boldly with the least possible interference. Judging from current developments in the situation, it is wise to increase interest rates appropriately for both deposits and loans. First, deposits form the foundation of a bank's existence and development. Provided bank savings are secured, are exchangeable, and the interest rate is rational, they will be attractive to common people who will benefit from them. Second, a firm renminbi with a higher interest rate may partly offset the harmful influence of price increases and exchange rate changes, which will set people's minds at rest and stabilize the market. Third, an increase in interest rates for loans means an increase in the cost of funds, which will force enterprises with lower economic returns to reduce borrowing and stop the construction of duplicate projects. Thus, the shortage of funds will improve and funds will flow to those areas, projects, and enterprises with better economic returns. Moreover, it is necessary to boldly emancipate the mind and attach great importance to the solution of economic problems by economic means. At present, while strengthening the management of the collection of funds from society, it is necessary to allow enterprises to issue bonds or shares in accordance with the procedures and formalities of the relevant regulations if conditions allow so that they can raise funds directly from society. Thus, both the pressure and risk on the banks in providing loans will be reduced and more investment channels will be provided for residents. It appears that the collection of funds from society can divert some savings deposits. However, in reality, provided proper guidance is given, these funds can return to banks through other channels. In other words, the total amount of funds will not be reduced after changing savings deposits into enterprise deposits. The key is to use funds flexibly and prevent them from lying idle with no way out.

Run on Consumer Goods, Gold Viewed

HK0406124593 Beijing RENMIN RIBAO in Chinese
23 May 93 p 2

["Random Talk on Economic Life" column by staff reporter Pan Gang (3382 1511): "What Does Fast Selling Imply?—Commenting on Current Economic Hot Points"]

[Text]

I.

With the arrival of the Year of the Rooster, changes in the consumer goods market are attracting people's attention. Starting in early February this year, people in a number of places began to purchase wool and knit wear with a rush, and the daily sales volume of wool in places like Taiyuan, Tangshan, and Henan exceeded the normal daily sales volume by up to 10 times.

Sales of gold ornaments are also going full steam ahead. According to statistics provided by relevant departments, the price of gold ornaments in Guangzhou has risen from 105 yuan per gram at the beginning of this year to 115 yuan now, while the price in Wuhan has risen to 118 yuan. Despite the price rises, sales of gold ornaments still increased by 140 percent over the same period last year.

The market for household electrical appliance is suffering "high fever" which cannot be brought down even more. According to several large department stores in Shanghai and Beijing, prices for F55 and J27 video cameras have risen from 3,280 and 2,800 yuan at the beginning of this year to 4,200 and 3,800 yuan now; while M25 and M29 Panasonic television sets have gone from 6,200 and 9,400 yuan to 7,800 and 11,000 yuan respectively. Meanwhile, the general level of prices for imported household appliances has risen by as much as 30 percent. However, the higher prices go, the faster items will be sold out. Beijing's Xidan Shopping Arcade sold out as many as 697 imported color television sets in April alone, representing an increase of over 600 percent over the same period last year.

During the same period, all the major specialized banks witnessed a drop in deposits, some of even seeing negative growth in their savings deposit business. It has been disclosed that the growth of total savings deposits attracted by the Industrial and Commercial Bank last January fell 60 percent from last year's figure, and the bank even saw negative growth in its overall savings deposit business by March.

How long can such a situation last? And will this situation spark spiraling inflation or the same panic buying that broke out in the late 1980's?

II.

People's worries are not unjustified.

According to information released by the State Statistics Bureau, total investment in fixed assets by state-owned units went up by 70.7 percent during the first quarter of this year. Despite "right-signal" warnings shown during the third and fourth quarters of last year, both the amount of money in circulation and bank lending were flashing "red" again this year. The amount of money in circulation at the end of last March rose by 46.2 percent over the same month last year, while bank lending last March increased by 93.5 percent over the same period last year.

High-speed growth in investment will undoubtedly produce adverse impact on the overall demand and supply of society, while an excessive increase in the money supply will inevitably bring along a sharp rise in the retail price index. Statistics show that the general level of retail prices in society as a whole went up by 8.6 percent over the same period last year. What warrants attention is that, following a 10.9 percent rise last year, the price index of living costs for workers and staff in 35 large and

medium cities continued to rise by another 15.7 percent in the first quarter of this year.

Total savings deposits plus cash held by urban and rural dwellers reached 1,300 billion yuan, exceeding one year's total retail sales. Due to the devaluation of the renminbi, rises in commodity prices, and low interest rates offered on savings deposits, people now sense changes to these figures and actually see their banknotes "shrinking." Meanwhile, sharp rises in the price of means of production have given them the feeling that prices of daily industrial goods will rise as a result of growing costs.... Driven by the pressure of price rises, residents have generally had a strong desire to preserve the value of their money by purchasing goods.

III.

Will panic purchasing reemerge? Experts still hold an optimistic view on the issue.

Since the beginning of this year, the consumer goods market is still characterized by supply being bigger than demand. According to statistics on the supply-demand trend for 582 major industrial and consumer goods during the first half of this year, commodities with a bigger supply than demand or enjoying balanced supply and demand made up 95.9 percent of the total. During the first quarter of this year, total supply in society was higher than total demand by 6 percent. Moreover, there are ample supplies of grain and edible oil, vegetables, and nonstaple foods, which are closely related to the people's daily lives. At present, the total value of industrial, commercial, and consumer goods in stock in society as a whole exceeds 450 billion yuan. The productive capacity of major industrial goods can now meet the demands of the market. In particular, output of those goods enjoying rapidly growing demand, such as color television sets, video cameras, air conditioners, garments, and beer, has increased by a large margin. In last March alone, output of the aforementioned goods rose by 24.9, 25, 162.8, 21.3, and 38.9 percent respectively. We can thus say with certainty that, despite possible rises this year, commodity prices are unlikely to rise rapidly under the constraints of supply and demand.

Experts in the banking industry also believe that the present situation is considerably different from that of 1988. According to these experts, residents today have already stopped putting their money only into the consumer goods market. A major cause of the drop in savings deposits is that urban and rural dwellers have put their money into different investments, such as the stock market. Such a trend of diversified investment will also help alleviate pressures produced by price rises.

Cautious economists have also noted that the focused purchases seen recently in the market are still far from becoming "crazy purchasing." For example, most purchasers of wool are reasonable and pragmatic and only rush for the knitting wool of famous brands; the "craze for household electric appliances" goes on but not in a

disordered way, and the best sellers are always fine-quality branded imported or domestic products; and although gold ornaments have enjoyed good sales and growing prices, gold prices in both international and domestic markets over recent years have taken a downward trend and the problem can be solved simply by increasing the supply of gold for jewelry. In addition, since their actual incomes are higher than the price rises, urban and rural dwellers now enjoy a better capacity for burden bearing than ever before.

In addition, the measures the central authorities have decided to take will play a greater role in setting people's minds at ease. These measures include restricting the scale of loans, resolutely encouraging the practice of "investment by the entire people" by means of high interest rates, and strictly curbing excessive growth of total consumption. Judging from current economic operations, the retail price index is still controllable, and, with the addition of these measures to intensify macro-economic control and regulation, the vicious inflation that once emerged in the late 1980's is unlikely to stage a comeback. This is the conclusion of experts from all sectors.

Five Cities Try Comprehensive Market Mechanisms

OW0306224893 Beijing XINHUA in English 1556
GMT 3 Jun 93

[Text] Shenyang, June 3 (XINHUA)—Five Chinese cities are piloting comprehensive reforms to push forward a socialist market mechanism, according to a national conference on city reform which ended here earlier this week.

Over the past decade, these cities have established a fairly prosperous market mechanism compared with other ones of the country. As a result, the pace of reform can be accelerated, according to a senior official with the State Commission for Economic Restructuring.

The cities are Changzhou in Jiangsu Province, Quanzhou in Fujian Province, Chongqing in Sichuan Province, Anshan in Liaoning Province and Yanji in Jilin Province.

The reforms in the cities involve reshaping government functions, revitalizing state-owned enterprises, nurturing a market economy system and creating a social insurance system.

Zou Jiahua at Coal Industry Ministry Inauguration

OW0306142693 Beijing XINHUA in English 1418
GMT 3 Jun 93

[Text] Beijing, June 3 (XINHUA)—After months of preparation, China's Ministry of Coal Industry declared its formation at the inauguration ceremony held here today.

It is one of the important measures taken by China's State Council to boost the production of coal under the present drive towards a market economy, said Zou Jiahua, China's vice premier present at the inauguration.

According to Zou, the state must reach the capability to produce 1.5 billion tons of crude coal by the year 2000.

Zou, on behalf of the Chinese Government, demanded that the ministry should see to the invigoration of the state's large and medium-sized coal enterprises and herald a boom time for China's coal production.

The ministry should blaze new trails and develop a diversified economy which focuses on coal production so as to ensure a sustained development of the industry, said the vice premier.

Wang Senhao, the newly-appointed minister of coal industry, expressed at the meeting that the new ministry, with the purpose of conducting overall planning, coordination, supervision and provision of services, will not intervene in the concrete management of coal enterprises.

He said that new ideas will be planted in the administration mainly by means of economic regulation and the enactment of concerned laws and rules.

According to the minister, besides the effort to revive the state-owned coal enterprises as the backbone of production, vigorous measures will also be taken to support and remold local minor coal enterprises in a bid to enhance the development of the state's entire coal industry.

To fully tap the industry's potential, the minister stressed the importance of developing in-depth processing of crude oil, the synthetic exploration of coal resources and develop diversified economic activities.

Wang Senhao Views Ministry's Tasks

HK0406080293 Beijing CHINA DAILY in English 4 Jun 93 p 1

[Report by staff reporter Chang Weimin: "Ministry Re-Created To Head Up Coal Sector"]

[Text] China's Ministry of Coal Industry was officially re-established yesterday.

Wang Senhao, Minister of the Coal Industry, outlined tasks for the next three years, saying that by 1995, a firm foundation would be laid for the industry's continuous development under the new market economy.

The industry, of which State-owned mines constitute the backbone, is faced with meeting rising market demand, while seeking good economic results.

The industry employs some seven million people and produces 1.1 billion tons of coal a year. State-owned mines amount to about 50 percent of the total.

The industry is being re-tuned from its former centrally-planned course into the new market-oriented mechanism in step with the country's reform programme.

Wang made his remarks at a ceremony in Beijing to mark the official re-establishment of the ministry.

The former ministry of coal industry was abolished and replaced by the China Coal Corporation in the early 1980s. But in the plenary session of the National People's Congress held in March this year, it was decided to dissolve the coal corporation and re-established the ministry, as a part of the government restructuring programme.

Wang said he expects the industry, which has been inefficient for years due to government-controlled, artificial low prices of coal, will be a profitable sector in three years.

The central government has already allowed the price of coal produced by several mines to float at market levels. By 1995, the price of all coal to be produced by key State-owned mines will be liberalized, Wang said.

Meanwhile, efforts will be made to accelerate the reforms of the current pricing system, he added.

In 1992, 1.08 billion tons of coal were mined, which constituted 74 percent of the energy produced by the country that year.

Coal will continue to be the mainstay of China's energy source at least until the year 2000, experts said.

The national economy is expected to grow at eight to nine percent in the coming years. Annual demand for coal will rise to 1.4 billion tons by 2000, Wang pointed out.

Therefore, macroeconomic planning should be improved, resource exploration beefed up, and more efficient mines built to guarantee continuous increases in production, Wang said.

A hundred new high-yielding mines will be opened in the near future, Wang revealed in an article published in May.

Wang urged his men in the ministry to get rid of the work style that suited central planning and build new styles in accordance with the requirements of a market economy.

The ministry will not interfere in enterprises' businesses. Instead, Wang said it will provide services, such as macro-planning and co-ordination, to enterprises.

The ministry will help mines deal with difficulties. However, the minister said some hopeless mines—producing "low-quality coal at very high cost"—will be closed.

Optical Fiber Cable System Passes Acceptance Test

HK0206120893 Beijing ZHONGGUO XINWEN SHE in Chinese 1203 GMT 25 May 93

[Text] Wuxi, 25 May (ZHONGGUO XINWEN SHE)—The test section project of the Shanghai-Wuxi Optical Fiber Cable Communications System, a key state scientific and technological project, passed an acceptance test in Wuxi today.

The 166-kilometer project, expanding from Shanghai through Jiading, Taichang, Kunshan, and Suzhou to Wuxi, was prepared, developed, and constructed by the Chinese Ministry of Posts and Telecommunications. More than 7,600 lines can be opened through a pair of optical fibers of the system. The system will help relieve the strains on the long-distance telecommunications system between Shanghai and Nanjing. It has been reported that on the basis of the test section, the practical project of the Shanghai-Nanjing quintuple-cluster [qun 5028] optical fiber cable telecommunications system is to start operation in the near future.

The completion of the test section project proves that China's optical fiber telecommunications technology has reached the world-advanced level of the same system of the late-1980's, and it will play a positive role in expediting China's telecommunications construction.

'Smooth Progress' in Three Gorges Dam Project

OW0306041093 Beijing Central Television Program One Network in Mandarin 1100 GMT 23 May 93

[From the "National News Hookup" program]

[Text] Preliminary preparations for the Three Gorges dam, a project that has attracted international attention, have begun in full swing. Smooth progress has been made in work pertaining to transportation, water and power supplies, communications, and land leveling at the dam site.

As part of preliminary preparations for the dam project based on work in the above four major areas and on the first-phase experimental cofferdam project, full-scale construction of over 30 projects—including processing of earth and stone and land leveling on the left bank of the Chang Jiang—has been carried out since the beginning of this year. Seven of these projects—including the Sanxia main road on the left bank of the Chang Jiang, the power supply system, and the rerouting project on the right bank—have been completed successively. Currently, a total of over 2.09 million cubic meters of earth and stone have been excavated and filled. The smooth commencement of preliminary preparations for the Three Gorges dam has laid a sound foundation for the full-scale construction of the main project next year.

Journal on Grain Purchase Funds Dilemma

HK0406100093 Beijing JINGJI GUANLI in Chinese No 2, 5 Feb 93 pp 17-18

[Article by Yang Shaohua (2799 1421 5478) and Zhang Guoping (1728 0948 1627), edited by Lin Daojun (2651 6670 0689): "On Modes of Grain and Oil Procurement in a Situation of Funds Shortage"]

[Text] At present, the shortage of funds for procuring grain and oil has become a major factor affecting the economic development of the major grain-producing areas. It is also a key factor affecting the smooth flow in grain circulation channels. In the peak season for grain and oil procurement, although all sides put their efforts into devising various methods and actively raising funds, it is still not possible to satisfy demand. Not only is the funds shortage becoming increasingly great but the difficulty in raising funds is growing daily. Thus, it is necessary for us to study modes of grain and oil procurement given the situation of funds shortage.

I. Why Is It Necessary To Study Modes of Grain and Oil Procurement in a Situation of Funds Shortage

Since grain, as a commodity, has been pushed toward the market, the economic consciousness of the peasants, who are the grain producers and operators, has been increasingly strengthened. In accordance with the general principles of commodity exchange, they not only demand exchange at equal value but also demand that they swiftly realize the value of their commodity through the market. However, when the peasants in the main grain producing areas sell their grain and oil, what they often receive is just a "white slip" affirming that their grain has been sold. This results not only in the peasants becoming full of grievances but also in them being unwilling to sell their grain. The consequence of this is that the share of grain which is sold in the market by the state grain departments has declined and the position of these departments as the main channel for such products has been threatened. Thus, it is now very necessary to explore new modes of grain and oil procurement. The authors believe that the adoption of the new procurement modes of "joint-operation purchase, agency storage, purchase with interest payments, and purchase through raising funds" will have the following good effects:

1. They will be beneficial to guiding peasants toward the market, raising the commodity rate of grain, maintaining a balance in overall volumes, and stabilizing and motivating the enthusiasm of grain producers. Grain production is the basic and central element in agricultural production. If a new situation of "difficulty in selling grain" appears, it will inevitably bring grain prices down, harm the peasants, and cause a landslide in grain production. If we implement joint-operation purchase, it will be possible to produce an integration between production, purchase, and sales and between agriculture, industry, and commerce. Thus, all sides will, to the greatest possible degree, grasp grain production and directly and

swiftly push grain and oil commodities toward the market. This will guarantee that the grain produced by the peasants will be immediately converted into commodities and the commodity value and increased value of the grain will be swiftly realized. Therefore, the peasants will know what the market needs and what sells well and, therefore, what they should plant. The peasants will also be guided to optimize their planting structure and this will gradually promote the high-value superior-quality rice which sells well in the market. Thus, we will realize a transformation from an agriculture stressing quantity to one stressing quality results.

2. They will be beneficial to enlivening operations by grain enterprises and the enterprises will be able to continuously expand their share of the rural markets and grasp grain sources as far as possible. The grain enterprises use money to obtain grain and then enter the grain into the circulation sphere in order to obtain money again. This mode of operation is at present obstructed because of the shortage of funds and the grain now has to be obtained through other effective methods. By adopting the modes of joint operations, agency storage, purchase with interest, and purchase through raising funds, the purchase networks spread throughout the rural areas will be able to accumulate more grain more swiftly over a wider area. This will ensure that the grain operations have a sufficient material base as a reserve and will also ensure that the "main channel" and "reservoir" roles of the state-operated grain departments will be brought into play. In this way, faced with competition from diverse channels, the state-operated grain departments will be able to stand firm, obtain grain from all sides, and maintain an invincible position.

3. They will be beneficial to strengthening the overall cohesion of the grain enterprises and to having them establish a market economy concept. At present, the grain departments have experienced difficulties and many staff members and workers are waiting to see what will happen. In order to resolve the funds contradiction, if we adopt the method of raising funds to purchase grain, it will let the staff and workers know the difficulties of the enterprises in raising funds and will thus encourage the staff and workers to love the enterprise warmly, show understanding for the enterprise, and understand that "everyone has a responsibility regarding bringing prosperity to the enterprise". This will form a centripetal force and bring into play the wisdom and skills of the people as masters. Thus, they will provide ideas and put all their efforts into enlivening their enterprise's operations. Organizing the procurement of grain and oil commodities in accordance with the law of value and the guidance of the market will allow us to change the former "bureaucrat-merchant" style of operations. It will also allow the establishment of a new grain commodity circulation structure which has both vertical and horizontal links.

4. They will be beneficial to preparations for war or natural disasters and will reduce waste. Although there has been some improvement in grain storage conditions

in our country's rural areas, there is still no standardized management. There is no way to guard against rats, much less against insects, and there is serious waste during grain storage. After the procurement modes are improved, it will allow the procurement of the greatest possible amount of the grain produced. On the one hand, the state will have sufficient grain sources, which will strengthen its macroeconomic regulatory and control functions, guarantee the needs of the Army and the people, and allow preparations against war and natural disasters. On the other hand, through agency storage by the grain departments, the peasants' food grain and seed grain can be stored in state storehouses. Not only will they be able to store or withdraw the grain as they wish, but the storage will be safe, meaning that waste will be reduced.

II. Specific Methods of New Grain and Oil Procurement Modes

1. Joint operations. Using a natural village or team as a unit, the cadres of the village or team will procure the grain from the peasants in accordance with quality standards. A procurement base price will then be decided (the county [city] grain bureau will fix a guidance procurement price), at which the cadres will transfer the grain to the grain management offices. These offices will then arrange for the sale of the grain. After the payments for the sales are received, the funds will be paid to the village or team in accordance with the procurement base price. Rational profit components can also be realized in the joint-operation procurement. The percentage of the profit components can be discussed and decided through consultations between the grain management offices and the villages or teams. The profit component refers to the net profit gained by multiplying the volume of external sales by the post-tax income derived from the external sales price, less the procurement base price and expenses.

2. Procurement with interest payments. This will mainly involve encouraging the peasants to deposit their grain with the state and the grain management offices paying interest in accordance with a certain interest rate (a fixed procurement interest rate or a negotiated procurement interest rate). Each unit will pay interest at a rate of 0.66 percent per month, with payment dates being 4 months and 6 months after delivery. On this basis, grain oil procurement "interest payment slips" will be drawn up and filled in. After the peasants hand over their grain, the grain management centers will provide grain procurement "interest payment slips" dated 4 months and 6 months in advance, each covering 50 percent of the grain. For example, if a peasant sells 100 kg of middle- and late-ripening long-grained rice to the state at a procurement price of 42 yuan per 100 kg, the grain deposited for one month will earn 0.27 yuan; for 2 months it will earn 0.54 yuan; for 3 months it will earn 0.81 yuan; for 4 months it will earn 1.08 yuan; for 5 months it will earn 1.35 yuan; and for 6 months it will earn 1.62 yuan. Depending on whether the money is paid earlier or later than the dates set down in the "interest

payment slips", the amount paid will be reduced by 0.27 yuan for each month it is earlier and increased by 0.27 yuan for each month it is late.

3. Procurement through raising funds. In order to obtain more grain resources more swiftly, the state-operated grain departments, which are the main channels of purchase, should widely gather funds in the society. 1) Dispersed funds in society should be widely drawn in. Grain departments must actively seek investment partners and give publicity to grain operations in order to attract the attention of all circles in society and induce investment interest. Units and individuals who invest their funds should, in accordance with the relevant financial regulations on fundraising, be paid interest slightly higher than bank interest (possibly a monthly rate of 1 percent). This will encourage the investment of dispersed funds. 2) The funds of staff and workers within the enterprises should be drawn in, to tap internal potential. The amount of funds to be drawn in should not be limited and we should encourage the raising of more funds. Through quick purchases and quick sales, the funds recovered through sales can be invested in a second procurement. In internal fundraising, we can adopt the two methods of having people invest funds or goods in kind. The staff and workers involved in grain and oil procurement can implement the unification of funds and grain and unify the tasks of raising funds and procuring grain. They will each be responsible for the quality of the grain which enters the storehouses and they will also be responsible for controlling the storehouses. If there are losses resulting from the quality of the grain or oil procured by the staff and workers of the enterprise, those in charge of the procurement will take responsibility. The main target of the fundraising however will be those people not engaged in procurement. These people will invest cash in the procurement and will ensure that the work of placing the grain in the storehouses is carried out swiftly. They will be at the front line in guaranteeing the raising of certain amounts of funds and in ensuring that they are used in a timely way for procurement. The rate of interest paid on funds raised internally from staff and workers will likewise be 1 percent per month.

4. Agency storage. This will mainly involve replacing storage by savings. The grain will be drawn in as material goods savings. This will alleviate the contradictions caused by the shortage of procurement funds. The grain management offices will centralize the food grain, seed grain, and fodder grain which is in the hands of the peasants and the state will act as an agent in storing it. This will prevent waste and grain losses as a result of the peasants having insufficient storage capacity. The peasants will be able to deposit and withdraw grain freely, be it husked or unhusked. When the peasants wish to withdraw unhusked grain, the grain management office will levy a storage fee determined by the length of time it has been stored. When they withdraw husked grain, apart from the levying of paddy storage fees, a processing fee will be charged on the basis of the processing costs.

III. Problems Which Deserve Attention in Implementing the New Procurement Modes

The four new grain and oil procurement modes which have been put forward in response to the shortage of funds, and their concrete operation, will be quite complex. In implementing them, we must pay attention to the following matters.

1. The distribution of profits in joint operations. Following the principle of "voluntary operations and mutual benefits", we must handle matters in accordance with economic laws. Joint operations are based on joint interests. Thus, it is necessary to concurrently consider the interests of the grain producers and the grain operators, to form an economic community in which risks are shared and profits are divided among all. The component proportions in joint operations can be decided in accordance with the specific conditions of each region. The key is to ensure that the input-output rate of the grain producers is higher than, or at least equal to, their earning rate prior to implementation of joint operations. Only in this way will the joint operations mode have vitality and will the joint-operation organizations be able to continue to exist and develop.

2. Maintaining the value of grain and oil commodities. If we adopt the mode of savings deposits of actual grain, we will run up against the issue of maintaining the value of the commodities. The maintenance of value will be supplemented by the payment of interest. The monthly interest rate on the grain deposits subject to negotiated purchase must not exceed 0.66 percent, the same rate as that applied to borrowing from the grain bank over the same period. In drawing in society's dispersed funds and the funds of staff and workers within the grain enterprises, the monthly interest rate must not exceed 1 percent. If we violate the abovementioned principles, it will inevitably result in the cost of obtaining grain supplies being too high, there will be no profit in dealing in grain, and there will be losses on all sides. If the interest rate is too high, it will also have adverse effects on the state's funds market, violate the relevant state regulations on interest management, and will end up achieving the opposite result to that intended in improving the modes of procurement.

3. Assessing agency storage charges. Storing grain for the peasants benefits the state, the people, and the enterprises. It is a good thing where multiple benefits derive from a single action and we can obtain greater results with less effort. However, in setting storage charges and processing charges there must be no mistakes, ensuring that income and expenditure are well balanced. In this way, the interests of the grain-growing peasants will not be harmed and the grain storage units will not suffer losses. This will require the forming of professional transferral procedures and financial accounting systems for the agency storage of grain, so that things are handled legitimately and rationally.

4. The feasibility of the fundraising mode. Drawing in society's dispersed funds, and gathering the funds of staff

and workers to purchase grain, are important avenues by which grain departments can tap potential funds. However, in the process of implementation, it is necessary to proceed in accordance with the principles of "voluntary collection of funds and payment of interest on funds collected," to engage in wide and deep propaganda, and to establish fine images of enterprises' operations. Through the operational strength and operational plans, the enterprises will generate an appeal. They should also guarantee that the social investors obtain benefit. In

raising funds internally within enterprises, through positive and effective ideological and political work, feasible and practical operational measures should be formulated and the staff and workers should be able to propose ideas and methods for raising funds in order to alleviate the urgent problems of the enterprises. The enterprises' risk mechanisms and encouragement mechanisms should be combined in a single entity, so that the staff and workers and the enterprise share weal and woe and stand together through thick and thin.

East Region

Jiangsu Chemical Firm Expands, Annexes Plants

OW0206015993 Beijing XINHUA in English 0137
GMT 2 Jun 93

[Text] Nanjing, June 2 (XINHUA)—The Yizheng Chemical Fiber Joint Corporation, one of China's chemical giants in Jiangsu Province, is developing steadily by drawing on foreign experience.

A corporation official said that the corporation in Yizheng city in southwest Jiangsu Province has annexed the Yangzhou Synthetic Chemical Plant in Yangzhou city and helped it to become profitable.

With fixed assets totalling 50 million yuan, the Yangzhou Chemical Plant was in the red due to costs for technical transformation, with debts almost equaling the value of its fixed assets.

After annexation, the corporation has admitted the plant as one of its members and offered it financial and technical aid while helping it to improve its management and production of immediately marketable goods so as to pay back the debts.

As a result, the plant realized record profits and revenue totalling 15 million yuan in the first year after being annexed.

The official said the corporation invested a sum of 1.75 million yuan in the Wuxi No. 3 Synthetic Fiber Mill in jointly running this rural industrial enterprise in 1985. Its investment accounted for one half of the plant's total shares.

By the end of last year, this mill had fixed assets amounting to about 100 million yuan to become a medium-sized enterprise. The corporation's investment of 1.75 million yuan had snowballed up to assets valued at more than 20 million yuan.

According to the official, the Yizheng Chemical Fiber Joint Corporation became one of China's 55 large enterprise groups in 1992.

Not long ago, it was empowered to take the lead in trying out a share-holding system and issuing stocks to the public.

At present, the corporation has set up branch companies in Shanghai, China's leading industrial center, as well as in Hainan and Shenzhen, two special economic zones, and Beijing.

Consisting of a dozen enterprises, the corporation now has more than 80,000 employees with fixed assets totalling five billion yuan. It generates production output value of eight billion yuan a year.

Bank Issues \$23 Million Mortgage Loan in Shanghai

OW0206140693 Beijing YINHUA in English 1331
GMT 2 Jun 93

[Text] Shanghai, June 2 (XINHUA)—The Huangpu branch of the Bank of Industry and Commerce in Shanghai today issued a 130 million yuan (23 million U.S. dollars) loan on security to a local company, pioneering the adoption of world norms in the city.

The loan went to the Shanghai Shuixian Electrical Appliance Corporation, which is to invest 190 million yuan for a workshop to be set up in the Jinqiao Export Processing Zone in the Pudong New Area.

According to the methods on mortgage loans newly stipulated by the Shanghai Bank of Industry and Commerce, the corporation applied for the loan by raising a mortgage on its office building, land use rights and production equipment, which had been assessed by an authorized institution.

The bank will also issue loans for a mortgage on securities and in kind.

Economists say that this is a break from traditional practices.

The workshop to be built by Shuixian is expected to turn out 200,000 computer-controlled washing machines and 300,000 computer-controlled heaters a year.

Shanghai To Establish Technological Brokerage

HK0306120593 Beijing ZHONGGUO XINWEN SHE
in English 0851 GMT 2 Jun 93

[Text] Shanghai, June 3 (CNS)—Shanghai is now preparing to set up its first technological brokerage composed of 200 to 300 professionals.

This is seen as an important measure in bringing technological industries into the market place.

At a work conference on science and technology in Shanghai yesterday it was revealed that the city will this year put forward a series of measures to develop the sciences in Shanghai ranging from putting more money into scientific research to implementing special allowances to scientific personnel.

In the course of Shanghai's move to take science and technology into the market place, keen interest has been shown in the establishment of non-governmental scientific and technological bodies. According to statistics, there are now more than 2,000 such bodies of various kinds with more than 30,000 employees. These bodies are engaged in a wide variety of fields including microelectronics, computers, light electronics, biological science, energy, fine chemical industry, new materials and aerospace. The output value of each of such enterprises is more than RMB 100 million [renminbi] and many of them have now entered the world market.

Central-South Region

Shenzhen Retail Price Index Rises by 35 Percent

HK0306154593 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1325 GMT 2 Jun 93

[Text] Shenzhen, 2 Jun (ZHONGGUO TONGXUN SHE)—Prices rose sharply in Shenzhen in the first four months of this year. The retail price index of commodities in society rose 35 percent—the highest since 1990.

According to the departments concerned, the sharp increase in the price of consumer goods, such as foods, fuels, building materials, clothes, daily necessities, medicines, and cultural items has caused widespread concern in Shenzhen.

Analysis shows that the price hikes have been caused mainly by demand exceeding supply. A continued expansion in bank credit, investment in fixed assets, and money available for consumption has resulted in a rapid increase in aggregate demand, which has led to an increase in consumer goods prices. Second, rising production costs have pushed up consumer prices. Another reason is that the low temperature and rainy weather since the beginning of this year have caused sharp increases in agricultural product prices, which are most sensitive to the weather.

It is understood that the departments concerned in Shenzhen are taking action to curb price hikes.

Shenzhen Enterprises Expand Into Domestic Market

HK3105063693 Beijing ZHONGGUO XINWEN SHE in Chinese 1334 GMT 20 May 93

["Roundup" by reporter Xue Donghe (5641 2639 0735)]

[Text] Shenzhen, 21 May (ZHONGGUO XINWEN SHE)—A few days ago, Shenzhen's Yuexi Enterprise Group decided to invest 5 billion yuan with some Zhanjiang enterprises to jointly run a 20-square-kilometer land development project on Donghai Island, which is known as China's "fifth island." The Shenzhen news media is treating this investment decision as a hallmark of the beginning of the Shenzhen enterprises' move to export operational mechanisms, qualified personnel, and funds in the form of group business operations.

In fact, the massive investments by Shenzhen enterprises in the China hinterland are nothing new but follow the natural course of enterprise development today.

The "tide of investment in the hinterland" was launched in Shenzhen last year. The officials in charge of Shenzhen city personally headed visiting groups to tour Shanxi, Sichuan, Hunan, and Xinjiang. After that, the Shenzhen city economic cooperation office organized several fact-finding tours to visit Hainan, Beihai of Guangxi, and Wuhan. They signed letters of intent to

launch a number of large-scale comprehensive land development and real estate development projects. Some Shenzhen companies with great potential have focused their attention on several investment hot spots in Mainland China.

The "hinterland investment fever" is now on the upsurge in Shenzhen city. Generally speaking, this tide has three special characteristics:

1. The scale of investment is increasing, and the variety of investment projects has been diversified. Incomplete statistics show that—in last year alone—the Shenzhen city authorities examined and approved 560 projects involving investment in other parts of the country, with a contract value of over 3.78 billion yuan. Of these projects, four will be launched in Shanghai during the first half of this year to found Shanghai-based enterprises with over 1 million yuan investment value each. This year has seen even more drastic growth in investment. Apart from the Yuexi Enterprise Group's 5 billion investment project in Zhanjiang, other enterprises, such as Jintian, Baoan, and Saige, have begun very large projects as well. The variety of projects run by Shenzhen enterprises in other parts of the country is no longer confined to projects that promise high returns and quick results but is being expanded to cover shipping, communications, tourism, and high technology, with a focus on long-term returns.

2. Both Shenzhen and the hinterland's favorable conditions have been fully brought into play to achieve high economic returns for the enterprises. Shenzhen enterprises are now taking advantage of the geographic benefit of being close to Hong Kong and Macao, the quick access to information, and the longer experience with the market economy. They have taken the initiative and seized the opportunity offered by the reform and opening up of the hinterland to launch "favorite investment projects" and expand a diversified market. While running a \$75-million project in cooperation with Hong Kong partners to build a 30-story commercial and trade center in Pudong, Shanghai, the Shenzhen Baoan Group has started another huge investment project in the Wuhan Nanhui Airport, buying 10 million shares in the Wuhan Shopping Mall to become the second largest shareholder. The Shenzhen City Economic Cooperation Development Company has successively founded companies in Beijing, Shanghai, Harbin, Haikou, Chengdu, and Beihai. Its Harbin subsidiary has now emerged as an important force leading Shenzhen enterprises and products into the CIS and Eastern Europe markets.

3. Shenzhen enterprises' investments in the hinterland are being upgraded to higher levels and are developing in a long-term, stable manner. Due to the Shenzhen city government's direct involvement in investments in the hinterland, the Shenzhen enterprises' hinterland investment tide has been raised to a higher level. Enterprises are no longer satisfied with unitary, short-term investments, and they have tried to avoid making haphazard investment decisions without careful planning. Through

these investments in the hinterland, Shenzhen city has developed a long-term, stable, mutually beneficial, and complementary cooperation with a broad range of entities: other provincial and city governments, different trades, various development and key development zones, and large and medium backbone enterprises.

Relevant sources have maintained that Shenzhen's investment in the hinterland shows that the Shenzhen Special Economic Zone is no longer a mere window for the hinterland to observe the outside world or a mere bridge for the hinterland to maintain ties overseas, but is an economically strong partner to work with. Shenzhen enterprises' investments in the hinterland promise benefits for both sides. While Shenzhen can expand the market, earn profits, and ensure the replenishment of qualified personnel and natural resources from the hinterland, the hinterland will in turn secure funds that it badly needs to finance projects and will be provided with information and advanced experience in business management.

Southwest Region

State's 'Close Attention' to Helping Tibetan Art

OW0206223393 Beijing XINHUA in English 1449
GMT 2 Jun 93

[Text] Lhasa, June 2 (XINHUA)—The Chinese Government has been paying close attention to carrying forward all forms of Tibetan art, including Tibetan opera and folk dance, according to a renowned artist.

Dagwa, deputy director of the Tibetan School of Fine Arts, said that his school has trained 200 students since its inauguration 13 years ago. They are now working in artistic groups and cultural and educational departments all over Tibet.

The school offers 10 majors, including folk dance, Tibetan opera, modern drama, vocal music, instrumental music and stage arts.

Dagwa said that in the past ten years his school has collected and compiled folk dance, vocal music and instrumental music materials. "We've also compiled textbooks of Tibetan arts and have introduced a regular system for teaching national arts," he said.

He furiously refuted the claim that Tibetan arts have been ruined. "Tibetan arts really suffered a depression before the peaceful liberation of Tibet in early 1950s," he said, "Because then there were very few Tibetan artists and regular art education did not exist at all.

"To carry forward Tibetan arts, the Chinese Communist Party and Government have earmarked 6 million yuan (about 1.05 million U.S. dollars) for our school in the last 10 years.

"Our school now has a whole range of modern teaching and musical equipment, such as TV sets, tape recorders, camcorders and pianos. All are provided by the government."

Dagwa said that all his students enjoy free education, and their food and lodging are also provided by the government.

"Now Tibetan arts have entered a new period of prosperity," he said. In the past few years his school has sent students and teachers to participate in international dance festivals held in Hong Kong and Guangzhou. "Their excellent performances were praised highly by artists in Canada and the United States, as well as in Hong Kong, Macao and Taiwan," he said.

Dagwa invites artists in other countries to visit Tibet and enjoy Tibetan arts for themselves. Tibet is known as the "sea of dance" and Tibetan arts belong to the world, he said.

North Region

State Council Approves Hebei High Technology Zone

HK0306004293 Beijing ZHONGGUO XINWEN SHE
in English 1125 GMT 2 Jun 93

[Text] Shijiazhuang, June 2 (CNS)—The State Council recently endorsed the setting up of a new and high-tech industrial development zone in Baoding, Hebei Province.

The zone, located in the western Baoding section of the Beijing—Shenzhen expressway, has had its infrastructural facilities in place since 1990. With its favourable policies and good investment environment, the zone has become an attractive investment place in the central part of the province. Some 64 items worth rmb 800 million [renminbi] have been approved there to date with investors coming from USA, Japan, Hong Kong and Taiwan and of these ten are now under construction.

Tianjin's Gao Dezhan Attends Children's Soiree

SK0106103993 Tianjin People's Radio in Mandarin
1000 GMT 31 May 93

[Excerpt] On the evening of 31 May colored flags fluttered and music resounded at the Tianjin Grand Auditorium, when the Tianjin municipal soiree, called "The Bud of Chinese Roses," was held to celebrate 1 June International Children's Day. Gao Dezhan, Li Jianguo, Zhang Zaiwang, Liu Fengyan, Yu Fujing, Xiao Yuan, Yang Hui, and Fang Fang; municipal leaders; Lu Da, Tan Songping, Li Zhongyuan, Zhao Jun, and Li Ming; veteran comrades; (Shi Zhongming), deputy political commissar of the municipal garrison district; and thousands of Chinese and foreign children, who were dressed

in their holiday best, and Chinese and foreign guests happily gathered under the same roof to celebrate this children's festival.

Before the soiree opened, municipal leaders received the 10 [words indistinct] who were commended by the Children's Work Commission. Gao Dezhan, secretary of the municipal party committee, extended holiday greetings to all children in the municipality and extended cordial greetings to the hard working teachers and workers of the Young Pioneers. He hoped that children would study hard and grow up healthy in order to shoulder the important task of invigorating China and Tianjin.

Li Jianguo, deputy secretary of the municipal party committee, made a speech on behalf of the municipal party committee and the municipal government. He said: Today's children are the future of the motherland. Party and government departments at all levels and all circles in society should concern themselves with the growth of children, should manifest a spirit of fulfilling children's wishes, should give great support to children's causes, and should make contributions to training qualified successors to the cause in the 21st century. Children should have high aspirations; work and study diligently; and become excellent people who are well developed morally, intellectually, and physically and who are ready to contribute to the modernization of the motherland at any time. [passage omitted]

Northwest Region

Shaanxi Addresses Illegal Highway Checkpoints

HK2905034093 Xian Shaanxi People's Radio Network in Mandarin 0010 GMT 28 May 93

[Text] In his speech delivered at a meeting held by the provincial government yesterday afternoon on the reemergence of checkpoints on Xian-Tongguan Highway, Vice Governor Xu Shanlin stressed: All checkpoints illegally set up on highways without the approval of the provincial government should be removed right away, and leaders should be held responsible and strictly punished if the ban is not enforced.

Recently, unauthorized illegal checkpoints have reemerged, and the masses are making the same cry again: "The going is hard." In line with the demands of the provincial government, a number of units, such as the provincial public security bureau, provincial people's procuratorate, the General Office of the provincial government, and provincial traffic police corps, have conducted investigations and inspection on relevant highway sections since mid-April, and found quite a serious situation in which checkpoints were set up without authority, vehicles were detained recklessly, and fines were imposed arbitrarily. Things are worst on the 310 national-level section of the Xian-Tongguan Highway: 1) Far too many unauthorized checkpoints have been set up and put into operation along the

highway. An on-the-spot investigation has shown that on a 140-km-long section of the Jipeng Highway, a total of 12 various checkpoints and road blocks have been set up, one for every 11-km-long section on average. 2) Highway checkpoints are set up by departments in charge of different fields. On the 310 national-level section, checkpoints are set up by over a dozen different departments respectively in charge of transportation control, agricultural machinery, water conservancy, tobacco and cigarettes, and others. Even cadres from Huanxian County's political and law committee and the county people's court have also had a hand in the checkpoints. 3) Check-ups on the highways are conducted under various pretenses; and goods from documents and receipts to grain, cotton, animal husbandry products, crude oil, coal, and steel have all become objects of check-ups. 4) Checkpoints are set up on highways in a disorderly way. Regardless of the circular released by the provincial government, some departments have moved or built new checkpoints without authorization. What is more, these departments switched over at will to conducting double check-ups at mobile posts instead of at fixed posts. 5) Fees and fines are imposed arbitrarily. On 27 April, on the excuse of taking an unapproved route, a transportation control post in Huanyi City imposed 300 and 500 yuan of fines, respectively, on vehicles sent by the Lujing town government of Heyang County and by the Wugong County Electrical and Mechanical Manufacturing Plant, which were bound for the scenic spot of the Hua Shan at that time. 6) The law enforcement system and the contingent of law enforcement officials are in disorder.

Vice Governor Xu Shanlin pointed out: Unauthorized checkpoints on highways should be removed. What is more, we should pay persistent attention to the problem, conduct a thorough investigation, and handle the problem seriously. Those who have violated the law should be held responsible for their crimes.

Editorial on Promoting Stock System in Xinjiang

OW3105043493 Urumqi XINJIANG RIBAO in Chinese 8 May 93 p 1

[Editorial: "Vigorously Promote the Stock System at Selective Enterprises on a Trial Basis"]

[Text] Our region began implementing the stock system at selected enterprises on a trial basis in the second half of 1992 and, as of the end of April 1993, approved the establishment of 39 enterprises that implement the stock system. The implementation of such a system achieved the good results of transforming enterprises' operating mechanisms, enhancing the cohesive power of staff and workers, and raising funds; markedly improved economic returns; and produced gratifying prospects for development.

The stock system plays a very obvious role in rectifying the relationship between management and ownership at enterprises, eliminating the prevalent nearsighted behavior engendered by implementation of the contract

system, arousing the enthusiasm of staff and workers to show concern for enterprises out of consideration for their own immediate economic interests, improving operations and management, raising and accumulating construction funds, and fundamentally transforming enterprises' operating mechanisms. It is the main direction of attack when we strive to establish a socialist market economic system and initiate new enterprise systems to converge with the international market. In having a late start in implementing the stock system at selected enterprises on a trial basis, our region has made slow progress and does not meet the needs of the development of a socialist market economy. The leading cadres of all departments at all levels in our region must be soberly aware of the fact and must have a sense of urgency. Beginning now, we must look upon accelerating transformation of the stock system as an important measure for deepening reform of enterprises, and we must pay close attention to handling it well. All prefectures, counties, and cities must implement the stock system at a few selected enterprises on a trial basis and gradually spread the system to more enterprises. Our policy is to resolutely experiment with the system, strictly check on its progress, ensure that it is carried out satisfactorily, promote its progress step by step, and vigorously develop it. We must endeavor to have the stock system or the stock cooperative system implemented at one-fifth of the state enterprises and one-third of the collective enterprises and to have a number of enterprises that implement the stock cooperative system established by people who hold shares and who raise idle funds from society in the whole autonomous region by the end of 1993 in accordance with the requirements raised by the recent work conference of the autonomous regional party committee.

While we are implementing the stock system at selected enterprises on a trial basis, we must proceed from the actual conditions in our region and handle jobs in accordance with relevant policies and legal procedures. At present, there are the following basic stock system forms in China: 1) companies that are limited by shares that meet strict standards and are initiated by three or more enterprise legal people, having no less than 30 million yuan paid for shares, allocating no more than 10 percent of total shares for internal subscriptions, and having gained profits for the past three years in a row, that raise funds of equal amount shares from the public or from certain designated groups of people, and that have their shares listed or are prepared to go public; 2) limited liability companies that do not offer their shares to the general public for subscriptions, issue only equity certificates, and have only 30-50 shareholders, whose shares are held by legal people or natural people; and 3) enterprises implementing the stock cooperative system

that have the merits of the stock system and the characteristics of the cooperative system. People holding shares of the enterprises of the third category can be laborers and shareholders; their shares can be handled by either money in cash or by trade-ins; their profits are prorated based on the percentage of shares held; and the minimum total amount of money paid for their shares can range from about 20,000 or 30,000 yuan to over 100,000 yuan. Only 167 of the existing 6,000-plus industrial enterprises in our region are large and medium-sized enterprises, and many of them are suffering losses. Therefore, though we want to vigorously set up companies limited by shares or limited-liability companies from among selected large and medium-sized enterprises on a trial basis, they cannot possibly be many in number. We should focus our work on carrying out transformation of the stock cooperative system among the multitude of small enterprises or setting up limited liability companies from among some selective small enterprises on a trial basis and, meanwhile, vigorously run new enterprises that implement the stock cooperative system on a trial basis. The stock cooperative system is a new form of organization of collective ownership that combines funds with labor cooperation. It can be practiced by village and town enterprises, urban collective enterprises, and nongovernmental science and technology enterprises, and it should be vigorously practiced by small state-owned enterprises. Stock cooperative systems come in various forms, including lateral joint operations by stock holders, joint operations by stock-holding workers and staff members, joint operations with those who contribute their property and the property is converted into stocks, cooperative operations by peasant stock holders, and joint ownership by large number of stock holders. We should not rigidly adhere to a certain form, and should make new creations according to reality. When this work is done well, our enterprises will be greatly invigorated. We must attach great importance to this work and do it well and seriously. In the days to come, all new enterprises, particularly those in open cities and economic and technological development zones, should practice the stock system or the stock cooperative system, with the only exception being the trades and professions which are not permitted to practice the stock system under the government regulations.

Leaders at various levels should seriously study the policies, regulations, and basic knowledge concerning the stock system. It is necessary to sum up experience, set clear objectives, formulate plans, train relevant cadres, and strengthen leadership. It is necessary to do solid work, rapidly promote experiments on the stock system at selected enterprises, and ensure a successful completion of the tasks laid down for this year by the work conference of the autonomous regional party committee.

Prosecutor Indicts Two Mainland Hijackers

OW0306145293 Taipei CNA in English 1422 GMT 3
Jun 93

[Text] Taipei, June 3 (CNA)—The two Mainland Chinese who hijacked a Southern Airline jet from the mainland to Taiwan in early April were indicted Thursday [3 June] by the Taoyuan prosecutor's office.

Liu Baocai and Huang Shukang diverted the airliner and forced it to land at the Chiang Kai-shek International Airport on April 6 during a scheduled flight from Shenzhen in southern China to Beijing.

Liu and Hwang surrendered themselves to airport authorities shortly after landing and have since been detained for investigation. The plane was allowed to fly back to the mainland with all other passengers and crew members several hours later.

The indictment accuses Liu and Huang of violating the nation's Civil Aviation Law, National Security Law and the rules governing the restriction of weapons.

The prosecutor, however, also appealed to the judge to show leniency to the two as they had surrendered peacefully and had not exhibited violence toward the airline crew and passengers.

'Inside Statistics' Show Inflation in PRC

OW0406083893 Taipei CNA in English 0753 GMT 4
Jun 93

[Text] Taipei, June 4 (CNA)—Mainland China's inflation crisis is deepening, Kao Koong-lien, vice chairman of the cabinet-level Mainland Affairs Council (MAC), said Friday [4 June].

According to inside statistics MAC obtained recently, Kao said reasons behind the deteriorating inflation on the mainland included increasing investments in fixed assets, overheating of monetary supply, drastic increase in commodity prices, and imbalance of supply and demand.

Kao noted that in the first quarter of 1993, mainland's investment in fixed-assets of state-run enterprises went up 70.7 percent, while industrial output gained 22 percent, the fastest growth since 1979.

In addition, the monetary supply was showing signs of overheating, Kao added.

Retail consumer prices in the first quarter rose 8.6 percent over the same period of last year. The gap between supply and demand has expanded from last year's 3.3 percent to 4.3 percent this year, Kao said.

Balance of Payments Surplus Down to \$530 Million

OW0306143093 Taipei CNA in English 1417 GMT 3
Jun 93

[Text] Taipei, June 3 (CNA)—The Republic of China [ROC]'s balance of international payments during the first quarter of this year tumbled to a mere US\$533 million, approximately 36 percent of the level recorded in the corresponding period of 1992.

Balance of payments is a system of recording all of a country's economic transactions with the rest of the world during a particular period of time. The balance of payments is typically divided into three accounts—current, capital, and official reserves—each of which can show a surplus or a deficit.

The ROC enjoyed sizable surpluses in its balance of payments in the 10 years prior to 1991. That trend came to an abrupt reversal when its balance of payments registered a deficit of US\$600 million last year.

The shrinkage in the balance of payments surplus during the January-March period was largely attributed to a sustained long-term capital outflow, which totaled US\$1.19 billion, and a decline in current account surplus from US\$2.37 billion to US\$1.71 billion on a year-to-year level, the Central Bank of China (CBC) reported.

The surplus in goods and service account was trimmed to US\$2.19 billion as a result of an export slowdown and import expansion.

Overseas tourist spending, according to CBC tallies, totaled US\$1.76 billion. Offset by the US\$555 million earned in the domestic tourist industry, net tourist spending advanced 12 percent to a total of US\$1.2 billion.

The first quarter performance was, however, a marked improvement over a deficit of US\$3.15 billion recorded in the fourth quarter of 1992.

CBC Deputy Governor Chiu Cheng-hsiung foresaw that the nation would be able to make both ends meet in the overall book account of balance of payments in 1993.

Commenting on the capital outflow, which went mainly to finance overseas investments by local enterprises, Chiu said going international is an irresistible development when an economy grows to a certain extent.

Long-term capital outflow remained relatively stable at US\$1.19 billion while short-term capital inflow rose to US\$350 million. The increase in short-term capital inflow was in part attributable to speculation capitalizing on the interest spread between here and abroad and in part to the active trading on the Taiwan stock exchange during the last quarter.

Hong Kong

PRC-UK Airport Talks Stall on Finances

HK0406073293 Hong Kong AFP in English 0714 GMT
4 Jun 93

[Text] Hong Kong, June 4 (AFP)—Chinese and British officials failed again Friday to break the stalemate on funding arrangements for Hong Kong's new airport project as talks resumed after a seven-month break. After a four-hour meeting both sides refused to say whether any progress had been made on financing arrangements for the 21 billion dollar plan or when the next round of talks would be.

Before the meeting started, Anthony Galsworthy, head of British side of the Joint Liaison Group set up to oversee the smooth transition of the British colony to 1997, said he did not think a conclusion could be reached in Friday's talks. He, however, said that Chinese officials had not opposed the latest proposals that include increased government funding but had decided to give them further study. "We hope to have some progress to report soon," Galsworthy said.

However, both sides stressed that Friday's meeting was just the beginning of discussions on the controversial financing plans for the airport and port scheme. The discussions also included the airport railway system as well as a third harbour tunnel linking Kowloon and Hong Kong Island.

China broke off the talks in December because of problems over funding and a row about proposals put forward by Governor Chris Patten to widen democracy in the colony ahead of its return to Chinese rule. Beijing, which says the plan is too costly and could bankrupt Hong Kong after 1997, rejected in December the second set of proposals put forward by the colonial administration.

China's blessing for the new airport, built to replace the overloaded Kai Tak airport, is believed to be essential in order to attract international investment. The airport is expected to be operational in 1997.

Chinese officials have expressed Beijing's willingness to get the airport started as long as costs are kept down and would not become a burden on the future Hong Kong government.

Deng Says UK 'Creating Political Trouble'

HK0406014293 Hong Kong SOUTH CHINA
MORNING POST in English 4 Jun 93 p 1

[Report by Geoffrey Crothall in Beijing and our political desk]

[Excerpt] Paramount leader Deng Xiaoping has attacked the British Government for creating political trouble in Hong Kong by turning the territory into an arena for competing international forces before leaving in 1997.

According to today's issue of the pro-China monthly, The Mirror, Mr Deng warned that Hong Kong would lose its economic value if it was turned into a city of political confrontation and rivalry.

The magazine reported that Mr Deng had vowed to stand firm on the question of Hong Kong and would never make concessions and compromises on matters related to Chinese sovereignty.

"Some British politicians thought the international climate had changed. Hence they decided to breach the Joint Declaration and turn Hong Kong into a venue for competition among various international political forces," he said.

Quoting "knowledgeable sources" in Beijing, the magazine said Mr Deng made the remarks in a meeting with Communist Party General Secretary Jiang Zemin, Vice-Premier Zhu Rongji, Vice-Premier and Foreign Minister Qian Qichen, and Hong Kong and Macao Affairs Office Director Lu Ping, in early May.

"The British want to create political trouble before they retreat from Hong Kong. This showed that the British did not really wish to hand over Hong Kong to us," Mr Deng was quoted as saying by The Mirror, published today.

"If the Chinese Government fails to govern Hong Kong properly, do we still have any 'face'?" Mr Deng said.

Meanwhile, China yesterday rejected suggestions by Britain's Foreign Office Minister with responsibility for Hong Kong, Alastair Goodlad, that the Legislative Council would have the right to amend any agreement or understanding reached between Britain and China on Hong Kong's political future. [passage omitted]

PRC Groups Restricted in Advertising in Press

HK0406100893 Hong Kong MING PAO in Chinese 4
Jun 93 p 2

[Report by MING PAO's special investigating and reporting group: "According to Confidential Document, Chinese Side Instructs Its Subordinate Units Not To Put Advertisements in 19 Hong Kong Newspapers and Journals"]

[Text] It was long rumored that the Chinese authorities had a secret "blacklist" of Hong Kong newspapers and magazines, and China's official institutions in Hong Kong were not allowed to advertise in these newspapers and magazines in order to thwart their business. Recently, the editorial office of MING PAO obtained two circulars issued by the Hong Kong and Macao Administration of the Bank of China. They prove that there is indeed a list of newspapers and magazines in which the Bank of China Group "cannot advertise for the time being." Eight local newspapers, including MING PAO (HONG KONG TIMES has stopped publication), and 11 magazines are on the list. The list was

given to general managers of various institutions in the Bank of China Group separately on August 1991 and February 1992.

When asked by MING PAO, a spokesman for the Hong Kong and Macao Administration of the Bank of China flatly denied that they had an internal rule of not advertising in 20 newspapers and magazines in Hong Kong. This official said that he had never heard of such a rule, so there was not such an issue of whether to rescind the rule.

However, reliable sources in XINHUA and in a China-funded institution both affirmed in private that there was indeed an internal document forbidding advertising in certain newspapers and magazines, and the ban applied to all China-funded institutions. The ban is still in force.

Although some China-funded institutions recently did advertise in some newspapers and magazines named by the document, the sources said that such practice "may cause trouble to those responsible if the authorities do not turn a blind eye to it."

The two circulars obtained by MING PAO were separately issued on 7 August 1991 and 20 February 1992.

The first was issued to general managers of all banks subordinate to the Hong Kong and Macao Administration of the Bank of China, and the original text is as follows:

According to the relevant instruction of the upper authorities, before various banks and subsidiary companies of this group receive a new circular, they cannot put on any type of advertisements in the newspapers and journals listed hereunder. You may orally convey the spirit of this instruction to the personnel concerned in order to control the internal operation, and no open announcement should be made. Advertising in other newspapers and magazines than those being listed below should still be handled according to the previous stipulations. Please act accordingly.

Appendix: No advertising in the following newspapers and magazines for the time being:

Newspapers: CHING CHI JIH PAO, HSIN PAO [2450 1032], KUAI PAO, SING TAO JIH PAO, SING TAO WAN PAO, HSIN PAO [0207 1032], HONG KONG TIMES, CAI CHING HSIN WEN;

Magazines: PAI HSING, CHIU SHIH NIEN TAI, CHENG MING, KAI FANG, TANG TAI, TUNG HSIANG, TANG AN, CHAO LIU, NAN PEI CHI, HSIN WEN TIEN TI, MING PAO WEEKLY.

The second circular was issued to general managers of various banks, companies, and centers subordinate to the Hong Kong and Macao Administration of the Bank of China. The text is as follows:

Document (91) 132 issued by the Hong Kong and Macao Administration of the Bank of China (MING PAO editor's note: That is the first circular quoted above) made it clear that this Group would not advertise in CHING CHI JIH PAO and seven other newspapers, and in PAI HSING and 10 other magazines. Now, according to the circular issued by the department concerned, MING PAO is also included in the list of newspapers in which no advertising is to be made. After receiving this circular, you may orally convey the spirit of this circular to the personnel concerned in order to control the internal operation, and no open announcement should be made. Please act accordingly.

Tseng Yuk-sing, chairman of the pro-China Democratic Alliance for the Betterment of Hong Kong, said that he was not told that the Chinese authorities had enjoined China-funded institutions not to put advertisements in some newspapers and magazines holding different political positions in order to influence the opinions and reports of the mass media, and he did not believe that such a practice would exist. He also said that even if the Chinese authorities adopted such a measure, it would not be able to achieve the purpose, because the China-funded institutions did not have such financial power.

Yeung Sum, vice chairman of the United Democrats, said that he was shocked by this event, because he originally thought that the Chinese authorities would deal with the mass media according to the local practice, would respect the existing freedom enjoyed by the press, and would not coerce or entice the press to serve their political ends. However, the above two circulars show that the Chinese authorities are trying to influence the mass media by economic means.

PRC Wants PLA To Be Priority in Land Use

HK0406013393 Hong Kong SOUTH CHINA MORNING POST in English 4 Jun 93 p 6

[By Louis Ng]

[Text] China yesterday called for the needs of the People's Liberation Army (PLA) to be given priority in Sino-British discussions about the transfer of military land in Hong Kong. The call came after Sino-British Joint Liaison Group (JLG) defence experts failed to reach agreement after two days of meetings on the issue.

China wants few of the 33 sites used by the British Garrison to be redeveloped before the handover. A force of 10,000 troops—which China is said to be planning to deploy in the territory after 1997—would tie up almost all the land and buildings used by the British Garrison.

Chinese team leader Luo Jiahuan said after the four-hour meeting yesterday that priority should be given to the needs of the PLA, but denied reports that Beijing wanted Britain to leave all existing sites to its troops. He said the future economic development of Hong Kong should also be considered, but the military land transfer should not be dealt with on a site-by-site basis. "We

reject unilateral, piecemeal handling of any particular site. We suggest, through rational and friendly discussion between China and Britain, the problem of military land should be tackled as a whole," Mr Luo said.

He declined to say whether he was referring to the recent removal of the HMS Tamar naval base to Stonecutters Island. China has criticised the move. The Tamar site in central was the most valuable of the military sites, worth about \$22 billion.

Mr Luo's British counterpart, Alan Paul, described the discussions as useful. Yesterday's meeting was the second day of talks between the defence experts. Both sides said discussions would be continued.

Editorial Discusses Adoption of Electoral Bill

HK0406104893 Hong Kong TA KUNG PAO in Chinese
1 Jun 93 p 12

[Editorial: "A Surprising Move"]

[Text] Wang Qiren, State Council Hong Kong and Macao Affairs Office deputy director, said yesterday that the adoption by the Legislative Council [Legco] of the draft Boundary and Election Commission Bill [BECB] is jumping ahead and will definitely affect the ongoing negotiations between China and the UK. He himself was shocked and regretted the move.

China and the UK were negotiating over arrangements for Hong Kong's 1994-95 elections on the principles of the "three conformities." Both China and Hong Kong citizens were hoping for positive results from the talks and looking for ways to create a good climate for the talks. At this critical juncture, the British Hong Kong authorities took a grave action. Before China and the UK could come to an agreement on the 1994-95 electoral arrangements, they allowed Legco to pass the draft BECB that assigns population quotas for constituencies and determines the total number of seats for democratically elected district board members in the next elections. This is truly shocking. As perceptive people have pointed out, this is a dangerous signal and a bad move with the intention to undermine the talks.

The British Hong Kong authorities put up a vigorous defense of its act, explaining that the adoption of the draft bill involved only "technical" matters and "will have no effect on the talks." It is quite clear that they are trying to cover up their political motives with "technicalities" and shirk their responsibility for undermining the talks with the saying of "having no effect on the talks." Their attempt will prove futile. What does it mean by "technicalities?" Chris Patten's constitutional package plainly violates the Sino-British Joint Declaration, the principle of converging with the Basic Law, and the understandings and agreements reached between China and the UK, and goes against the interest of Hong Kong people. But the British Hong Kong authorities have handed the package "piece by piece" over to Legco for passage. Can this be called a "technical matter?"

Both China and the UK have pledged to conduct the current negotiations on arrangements for Hong Kong's 1994-95 elections on the basis of the Sino-British Joint Declaration, the principle of converging with the Basic Law, and the understandings and agreements reached between China and the UK. This naturally rules out Chris Patten's package as the basis for talks.

Were the British Hong Kong authorities not deliberately undermining and challenging the negotiations when they endorsed, when the talks were going on, all those proposals and measures for "forming an independent commission for constituency boundaries and electoral affairs" in Chris Patten's package in the form of legislation? Chris Patten's "new ideas" about abolishing appointed seats in district boards and suggestion that all district board members be produced by direct elections contradict the will of the people and are generally opposed by district boards. But the British Hong Kong authorities passed the draft ordinance, which is based on Chris Patten's package, that sets the total number for democratically elected district board members at 338. Can this be a "technical matter?" The present total for district board members, including appointed and democratically elected ones and those returned by rural committees, is 441. The draft bill now sets the total for democratically elected seats at 338. Is this not in fact paving the way for abolishing the appointed seats in the next district board member elections to make way for full direct elections?

The draft BECB passed by Legco is the first draft ordinance to involve and endorse Chris Patten's constitutional reform package and is a move by British Hong Kong authorities to test China's response. In their calculation, as long as there is no strong objection from China, they can then follow this precedent in everything they do, hence breaking up Chris Patten's package into individual draft ordinances and bills and turning them over to Legco for passage. But this is a waste of effort. The moment Legco passed the draft BECB, Zhang Junsheng, XINHUA NEWS AGENCY Hong Kong Branch deputy director, immediately reacted with a serious statement: "This action, taken before any agreement is produced from negotiations between China and the UK, can only be seen as one intended to create obstacles and disrupt and undermine the negotiations." "Any arrangement on Hong Kong's 1994-95 elections that is not agreed on by China and the UK through negotiations is invalid, in whatever form it is adopted or decided on." This is China's solemn stance, and China means what it says.

From all that can be gathered early on, the UK is indicating that it wants talks, while doing things to undermine them, and claiming talks "can reach a new height," while casting gloomy clouds on talks. People cannot help asking: What is the UK up to?

Sincerity, and not just in word, but in action, is needed from both sides for any talks to produce results. The Chinese side showed with real actions its great sincerity before, during, and after the talks. Consider, for

example, what has happened since mid-May. Pushed hard by China, the Sino-British Land Commission met and approved 127.8 hectares of land for sale in the second half of the year, 27 hectares of which are for public housing, the home-ownership scheme, and house development for the sandwich class. Following it, the Sino-British Joint Liaison Group agreed on the license for cable television, approved the contract on the landfill area in the western New Territories, and continued the "accord on the regulatory plan" on the Hong Kong Electric Holdings Limited.

Most recently, the Sino-British Airport Committee is going to meet to discuss financial arrangements for the new airport project. Facts prove that the Chinese Government has always been concerned about Hong Kong people's livelihood and Hong Kong's social development. Whatever the problem, for the sake of Hong Kong's long-term prosperity and stability and a smooth transfer of power in 1997, China will hold a positive attitude, cooperate with the UK, and work hard to solve it. This is sincerity at its greatest. It is safe to say that if

the UK is concerned about Hong Kong people's benefits and sincere about Hong Kong's prosperity and stability and a smooth transition, there will be no problem that cannot be discussed and solved. This holds true for economic as well as political problems.

Regrettably, China's sincerity was not reciprocated. You give the UK an inch and it looks for a mile. The UK has become more aggressive and started undermining talks and cooperation. Following Legco's action on the 26th, the Legco Constitutional Affairs Panel, under a motion tabled by legislative councillors of the United Democrats of Hong Kong and with Chris Patten's connivance, ruled the day before yesterday that a special session be held every two weeks to discuss arrangements for Hong Kong's 1994-95 elections on the basis of Chris Patten's "three violations" package. Such blatant disruptions and undermining of talks is infuriating. It is hoped that the UK will change its course, stop its activities to disrupt and undermine the talks, and show genuine sincerity for negotiating and cooperating with China.

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